



North Carolina Department of Environment and Natural Resources


Beverly Eaves Perdue, Governor

Dee Freeman, Secretary

October 30, 2009

MEMORANDUM

TO: Environmental Review Commission of the General Assembly
Fiscal Research Division of the General Assembly

FROM: Dee Freeman 

SUBJECT: Report on the Water Infrastructure Fund, Fiscal Year 2009:

Enclosed is the subject report as required by G.S. 159G-26. The report includes information on the last fiscal year, including total funds received, allocations made, and unallocated funds on hand in each account. Questions regarding this report should be directed to Daniel M. Blaisdell, P.E. of the Division of Water Quality at (919) 715-6211.

Enclosure

DF: cs

cc: Coleen Sullins

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**NORTH CAROLINA
WATER INFRASTRUCTURE FUND
Annual Report
Fiscal Year 2009**

Prepared by
The Division of Water Quality
Department of Environment and Natural Resources
Dee Freeman, Secretary
November 1, 2009

EXECUTIVE SUMMARY

North Carolina Water Infrastructure Fund

Fiscal Year 2009

This annual report on the North Carolina Water Infrastructure Fund has been prepared pursuant to North Carolina General Statute 159G-26.

During fiscal year 2009 the Division of Water Quality, Construction Grants and Loans Section received a capitalization grant of \$12,281,247 from the Environmental Protection Agency (EPA). This amount was matched with \$2,456,249 of state appropriations, making an additional \$14,737,496 available for assistance in the construction of publicly owned wastewater facilities throughout North Carolina.

The Division of Water Quality, Construction Grants and Loans Section also received a capitalization grant of \$70,729,100 from EPA through the American Recovery and Reinvestment Act of 2009 (ARRA) for assistance in the construction of wastewater facilities. This grant did not require any matching State funds. Both EPA capitalization grants were administered from the Clean Water State Revolving Fund account in the Water Infrastructure Fund.

During fiscal year 2009 the wastewater reserve general loan account provided funding for a wastewater treatment plant upgrade. Ongoing project costs continued to be reimbursed from the general loan, high unit cost grant, and emergency loan accounts.

During fiscal year 2009 the Division of Environmental Health received a capitalization grant of \$65,625,000 from EPA through the American Recovery and Reinvestment Act of 2009 (ARRA) for assistance in the construction of public drinking water facilities. This grant did not require any matching State funds and was administered from the Drinking Water State Revolving Fund account in the Water Infrastructure Fund. During fiscal year 2009 the drinking water reserve high unit cost grant account provided funding for two drinking water projects. Ongoing project costs continued to be reimbursed from the general loan and high unit cost grant accounts within the Drinking Water Reserve.

Detailed information about the Clean Water and Drinking Water State Revolving Fund accounts is contained in the respective EPA Annual Reports (copies attached). Exhibits I through V in this report provide full details regarding the financial status of the Wastewater and Drinking Water Reserves within the North Carolina Water Infrastructure Fund.

EXHIBIT I**Balances in Wastewater and Drinking Water Reserves - for the Period Ending 06/30/09****Wastewater Reserve****General Loan Account**

Beginning Balance 07/01/2008	\$16,518,248
Interest on Investment	588,258
Interest on Loans	597,037
Repayment of Principal	2,339,647
Disbursements	-3,259,614
Bal. of Commitments	-3,564,175
Loans in Process	-13,093,348
Ending Balance 06/30/2009	<u>\$126,053</u>

High Unit Cost Grants

Beginning Balance 07/01/2008 (Active Grants)	\$29,396,443
Current Year Disbursements	-1,484,276
Previous Year Disbursements	-21,642,377
Unspent Commitments	-6,269,790
Ending Balance 06/30/2009	<u>0.00</u>

Technical Assistance Grants

Beginning Balance 07/01/2008	\$408,756
Interest on Investment	15,857
Bal. of Commitments	0
Loans in Process	0
Ending Balance 06/30/2009	<u>\$424,613</u>

Emergency Loan Account

Beginning Balance 07/01/2008	\$2,500,663
Interest on Investment	82,759
Interest on Loans	216,941
Repayment of Principal	779,860
Disbursements	-985,511
Bal. of Commitments	-11,400
Loans in Process	-624,700
Ending Balance 06/30/2009	<u>\$1,958,612</u>

Drinking Water Reserve**General Loan Account**

Beginning Balance 07/01/2008	\$4,088,788
Interest on Investment	158,599
Interest on Loans	264,637
Repayment of Principal	868,940
Disbursements	-237,569
Bal. of Commitments	0
Loans in Process	0
Ending Balance 06/30/2009	<u>\$5,143,395</u>

High Unit Cost Grants

Beginning Balance 07/01/2008 (Active Grants)	\$7,707,942
Current Year Disbursements	-1,889,356
Previous Year Disbursements	-3,631,857
Bal. of Commitments	-2,186,729
Ending Balance 06/30/2009	<u>0.00</u>

Technical Assistance Grants

Beginning Balance 07/01/2008	\$0.00
Interest on Investment	
Bal. of Commitments	
Loans in Process	
Ending Balance 06/30/2009	<u>\$0.00</u>

Emergency Loan Account

Beginning Balance 07/01/2008	\$2,257,693
Interest on Investment	89,600
Interest on Loans	72,706
Repayment of Principal	238,991
Disbursements	0
Bal. of Commitments	0
Ending Balance 06/30/2009	<u>\$2,658,990</u>

EXHIBIT II - Wastewater Reserve
Identification of Each Loan and Grant for Fiscal Year 2009

General Loan Account

<u>Recipient</u>	<u>New Commitment</u>	<u>Amount Disbursed FY 2009</u>	<u>Amount Disbursed Prev. Years</u>	<u>Remaining Commitment</u>
Chatham County	1,500,000	0	0	1,500,000
City of Northwest	941,035	848,043	0	92,992
Macon County	1,500,000	0	0	1,500,000
Town of Stantonsburg	306,710	193,546	0	113,164
Town of Hertford	3,000,000	1,069,638	1,572,343	358,019
Town of Ayden	2,614,025	761,370	1,852,655	0
Town of Benson	1,750,000	196,057	1,553,943	0
Town of Manteo	733,280	102,135	631,145	0
Town of Clinton	857,198	88,825	768,373	0
Town of Contentnea Y	3,000,000	0	0	3,000,000
Total	\$16,202,248	\$3,259,614	\$6,378,459	\$6,564,175

High Unit Cost Grants

Macon County	3,000,000	0	0	3,000,000
Town of Rosman	2,966,320	36,705	2,929,615	0
Town of Tabor City	3,000,000	1,033,027	1,562,064	404,909
Catawba County	3,000,000	63,351	1,302,907	1,633,742
Swan Quarter	3,000,000	0	2,837,823	162,177
Town of Lillington	1,334,000	80,707	1,253,293	0
Town of Louisburg	2,295,500	0	1,464,165	831,335
Town of Magnolia	3,000,000	42,962	2,953,383	3,655
Town of Mt. Olive	3,000,000	0	2,850,000	150,000
Town of Swansboro	2,967,290	148,364	2,818,926	0
Town of Clayton	1,833,333	79,160	1,670,201	83,972
Total	\$29,396,443	\$1,484,276	\$21,642,377	\$6,269,790

Technical Assistance Grants

N/A	<u>\$0</u>
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Emergency Loan Account

City of Whiteville	4,450,000	768,911	3,681,089	0
Fremont	228,000	216,600	0	11,400
Total	\$4,678,000	\$985,511	\$3,681,089	\$11,400

EXHIBIT III - Drinking Water Reserve
Identification of Each Loan and Grant for Fiscal Year 2009

General Loan Account

<u>Recipient</u>	<u>New Commitment</u>	<u>Amount Disbursed FY 2009</u>	<u>Amount Disbursed Prior FY's</u>	<u>Remaining Commitment</u>
West Carteret	512,500	79,787	432,713	0
City of Franklinton	1,660,000	157,782	1,502,218	0

Total	\$2,172,500	\$237,569	\$1,934,931	\$0
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High Unit Cost Grants

Avery County	Y	987,653	906,021	0	81,632
Beaufort County (Water Dist. VI)		627,494	0	534,726	92,768
Town of Clyde		243,894	0	0	243,894
Duplin County (Water Dist. E)		640,685	0	0	640,685
Town of Elm City		513,742	0	0	513,742
Greenville Utilities Comm.		190,846	0	0	190,846
Town of Jonesville	Y	172,879	172,879	0	0
Town of Saratoga		193,899	0	0	193,899
Duplin County (Water Dist. F)		3,000,000	29,601	2,908,359	62,040
SW Wayne Sanitary District		1,136,850	780,855	188,772	167,223

Total		\$7,707,942	\$1,889,356	\$3,631,857	\$2,186,729
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Technical Assistance Grants

N/A					\$0
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Emergency Loan Account

Total		\$0	\$0	\$0	\$0
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EXHIBIT IV
Water Infrastructure Fund
Water Quality Impacts Assessment and Environmental Benefits
Fiscal Year 2009

		Assistance Amount	Type	Water Quality Impacts Assessment/Environmental Benefits	KEY				
DIVISION OF WATER QUALITY				(See Key)	Division of Water Quality				
Clean Water State Revolving Fund Account					1 Corrects Sewer System Overflows 2 Addresses Failing Septic/Onsite Systems 3 Infiltration/Inflow 4 Compliance Resolution or Exceeded Useful Life 5 Stormwater BMP Addressing Existing Pollution 6 Stream, Wetland, Estuary Restoration 7 Addresses SOC or Regulatory Compliance Schedule 8 Corrects Documented Violations of Groundwater Standards 9 Directly Or Indirectly Addresses Water Body Impairment 10 Green Project 11 Treatment Capacity 12 Reclaimed Water				
CWSRF Base Program									
City of Hickory	CS370389-18	\$17,500,000	Loan	4, 7					
Greenville Utilities	CS370487-06	\$13,356,080	Loan	4					
Handy Sanitary District	CS370849-01	\$11,878,499	Loan	2					
Lincoln County	CS370825-01	\$17,500,000	Loan	11					
Oak Island	CS370775-03	\$8,500,000	Loan	2, 9, 11, 12					
CWSRF American Recovery And Reinvestment Act									
Bryson City (Town)	2W370845-01	\$166,524	L/PF	1, 2					
Buncombe Co MSD	2W370391-11	\$1,029,600	L/PF	1					
Burlington (City)	2W370385-10	\$65,000	L/PF	5, 9, 10					
Carolina Beach (Town)	2W370366-05	\$2,300,000	L/PF	5, 10					
Carolina Beach (Town)	2W370366-06	\$1,000,000	L/PF	1, 3, 9					
Chadbourn (Town)	2W370586-04	\$1,212,491	L/PF	1					
Charlotte (City)	2W370377-10	\$2,194,900	L/PF	5, 9, 10					
Charlotte (City)	2W370377-11	\$577,555	L/PF	5, 9, 10					
Columbus (Town)	2W370872-01	\$280,600	L/PF	3, 9					
Conover (City)	2W370436-05	\$1,727,025	L/PF	1, 3, 9					
Cove City (Town)	2W370817-01	\$1,250,000	L/PF	2, 9					
Dover (City)	2W370608-01	\$1,100,000	L/PF	2					
Eden (City)	2W370458-03	\$714,303	L/PF	1, 3, 4, 7					
Fayetteville (City)	2W370434-09	\$600,000	L/PF	5, 10					
Gastonia (City)	2W370744-04	\$308,532	L/PF	1, 9					
Graham (City)	2W370563-03	\$1,000,000	L/PF	1, 3, 4, 9					
Herford (Town)	2W370526-04	\$854,187	L/PF	1, 3, 4					
Hickory (City)	2W370389-19	\$1,938,000	L/PF	1, 3, 9					
High Point (City)	2W370387-08	\$1,798,500	L/PF	1, 3, 7					
Highlands (Town)	2W370507-04	\$3,000,000	L/PF	2, 9					
Kure Beach (Town)	2W370681-03	\$619,432	L/PF	1, 3, 9					
Liberty (Town)	2W370460-03	\$300,000	L/PF	1, 3					
Marion (City)	2W370406-02	\$2,601,364	L/PF	1, 7, 9					
Mebane (City)	2W370572-04	\$230,000	L/PF	1, 9					
Moore County	2W370496-03	\$3,000,000	L/PF	1, 4					
Morehead City (Town)	2W370567-03	\$2,100,000	L/PF	1, 3, 9					
Murphy (Town)	2W370516-03	\$771,500	L/PF	1, 4					
Pitt County	2W370878-01	\$1,802,264	L/PF	2					
Raleigh (City)	2W370419-04	\$465,735	L/PF	9, 10					
Rhodhiss (Town)	2W370737-01	\$188,764	L/PF	1, 4, 9					
Rich Square (Town)	2W370641-01	\$1,728,180	L/PF	1, 4, 7					
Roxboro (City)	2W370430-02	\$465,548	L/PF	3					
Selma (Town)	2W370561-03	\$180,000	L/PF	1, 3, 9					
Troutman (Town)	2W370580-04	\$237,595	L/PF	1, 9					
Tuckaseegee W&SA	2W370843-03	\$3,000,000	L/PF	7, 11					
Wilson (City)	2W370381-07	\$1,396,006	L/PF	3, 4					
Youngsville (Town)	2W370693-01	\$919,280	L/PF	1, 3, 9					
Wastewater Reserve Accounts									
Contentnea MSD	E-SRL-T-08-0077	\$3,000,000	Loan	4, 7					

L/PF = Loan/Principal Forgiveness

Division of Environmental Health

- 1 Consolidation
- 2 Compliance Resolution
- 3 Supply/Treatment Capacity
- 4 Other

EXHIBIT V
Water Infrastructure Fund

		Assistance Amount	Type	Water Supply Impacts Assessment/Environmental Benefits	KEY
DIVISION OF ENVIRONMENTAL HEALTH				(See Key)	Division of Water Quality
Drinking Water State Revolving Fund Account					1 Corrects Sewer System Overflows 2 Addresses Failing Septic/Onsite Systems 3 Infiltration/Inflow 4 Compliance Resolution or Exceeded Useful Life 5 Stormwater BMP Addressing Existing Pollution 6 Stream, Wetland, Estuary Restoration 7 Addresses SOC or Regulatory Compliance Schedule 8 Corrects Documented Violations of Groundwater Standards 9 Directly Or Indirectly Addresses Water Body Impairment 10 Green Project 11 Treatment Capacity 12 Reclaimed Water
DWSRF Base Program					
Tryon (Town)	1022	\$3,579,592	Loan	3	
Hendersonville (City)	1030	\$909,937	Loan	1	
Beaufort (Town)	1050	\$1,145,000	Loan	3	
Lenior (City)	1058	\$2,982,888	Loan	3	
Macon Co./ Franklin	1275	\$2,131,800	L/PF	1	
Asheville (City) Viewmont	1593	\$664,001	L/PF	1	
Asheville (City) Reynolds	1594	\$420,420	L/PF	1	
DWSRF American Recovery And Reinvestment Act					Division of Environmental Health
Alamance, Village of	1060	\$640,000	L/PF	2	
Andrews, Town of	1272	\$715,326	L/PF	3	
Belfast-Patetown Sanitary D	1435	\$1,165,000	L/PF	2	
Catawba, County of	1171	\$3,000,000	L/PF	3	
Clay, County of	1270	\$1,073,289	L/PF	3	
Clinton, City of	1465	\$458,052	L/PF	3	
Columbia, Town of	1438	\$507,000	L/PF	3	
Duplin County Water District	1429	\$729,000	L/PF	2	
Elizabeth City, City of	1352	\$2,366,255	L/PF	2	
Elon, Town of	1357	\$337,060	L/PF	3	
Energy United Water Corp	1538	\$856,826	L/PF	3	
Farmville, Town of	1389	\$3,000,000	L/PF	2	
Franklinton, Town of	1113	\$300,900	L/PF	3	
Gibsonville, Town of	1296	\$160,000	L/PF	3	
Goldston Gulf Sanitary Dist	1382	\$495,465	L/PF	3	
Green Level, Town of	1027	\$1,920,770	L/PF	2	
Greene County Regional W	1443	\$3,000,000	L/PF	2	
Holly Springs, Town of	1426	\$81,600	L/PF	3	
Johnston County	1061	\$3,000,000	L/PF	2	
Kill Devil Hills, Town of	1450	\$112,522	L/PF	3	
Linden, Town of	1039	\$352,893	L/PF	4	
Louisburg, Town of	1053	\$648,000	L/PF	4	
Maggie Valley Sanitary Dist	1292	\$1,021,020	L/PF	3	
Mitchell, County of	1294	\$2,017,842	L/PF	1	
Montreat, Town of	1290A	\$313,000	L/PF	3	
Morehead City, Town of	1073	\$3,000,000	L/PF	2	
Northwestern Wayne Sanita	1368	\$684,000	L/PF	2	
Perquimans, County of	1321	\$3,000,000	L/PF	3	
Rose Hill, Town of	1587	\$563,971	L/PF	3	
Sanford, City of	1351	\$2,526,132	L/PF	3	
Southeastern Wayne Sanita	1436	\$1,593,000	L/PF	3	
Spring Lake, Town of	1358	\$78,500	L/PF	2	
Tarboro, Town of	1341	\$325,000	L/PF	3	
Winston - Salem, City of	1472	\$34,834	L/PF	2	
Drinking Water Reserve Accounts					
Avery County	1014	\$987,653	Grant	1	
Jonesville, Town of	1033	\$172,879	Grant	1	

Clean Water State Revolving Fund (CWSRF) Annual Report

Fiscal Year 2009

State of North Carolina

September 30, 2009

I. INTRODUCTION

The State of North Carolina herewith submits the Annual Report for its Clean Water State Revolving Fund (CWSRF) program for state fiscal year 2009 (7/1/08 - 6/30/09). This report describes how North Carolina has met the goals and objectives of its CWSRF program for fiscal year 2009 as identified in its Intended Use Plan, and shows the actual use of funds. It also includes financial statements and detailed backup of those statements.

II. EXECUTIVE SUMMARY

North Carolina received a capitalization grant of \$12,281,247 in September of 2008. This consisted of FY 2009 Title VI funds only. The CWSRF fund included the 20 percent state match of \$2,456,249. Other FY 2009 fund sources included principal repayment on loans to communities of \$36,425,362; interest earned on loans of \$12,213,959 interest earned on these funds of \$7,760,845; and a previous accumulation of uncommitted principal and interest of \$144,383,757.

During FY 2009 North Carolina made a total of five binding commitments for the construction of wastewater facilities. These obligations totaled \$ 68,734,579. In addition, during FY 2009, North Carolina made an additional 37 binding commitments under the American Recovery & Reinvestment Act of 2009 (ARRA) for the construction of wastewater facilities. These obligations totaled \$43,122,885.

Disbursements from North Carolina's CWSRF to the various loan recipients totaled \$62,821,405. In addition, \$2,111,080 (1,880,880 + 230,200 ARRA) was used for program administration. This last figure is an accrued figure.

II. GOALS AND ACCOMPLISHMENTS

Short-Term Goals and Accomplishments

North Carolina identified three short-term goals in its FY 2008 Intended Use Plan (IUP).

1. Manage the pace of the program regarding binding commitments and repayments so that more projects can be funded as they become ready to proceed.

We continue to strive to increase the pace of the program. As more projects enter the repayment stream our funding backlog can be reduced through the utilization of second round monies.

2. Implement an integrated priority system and participate in workshops to discuss expanding eligibilities of the CWSRF.

Our integrated priority system has been developed and we intend to enhance its utility and begin funding projects in priority order, if ready to proceed. A revised Operating Agreement was effective June 1, 2008 and will be used during FY 2009-2010.

3. Implement a new accounting system that incorporates advanced technology and facilitates system integration.

The new accounting system is currently in the Production phase.

Long-Term Goals and Accomplishments

North Carolina continues to work on the following long-term goals as included in the IUP:

1. Provide effective project management so as to improve the turn over time of the revolving fund.

Project schedules and fund availability are routinely monitored in order to maximize the effectiveness of the fund. Projects are closed out in a timely manner to facilitate the revolving nature of the fund.

2. Ensure compliance with state and federal water quality standards by all publicly-owned wastewater treatment works.

The ability of proposed projects to meet the design standards is rigorously reviewed in both the planning and design phases by professional staff. Only projects utilizing technologies with proven track records or based on sound engineering principles are approved.

3. Ensure the technical integrity of SRF projects through diligent and effective planning, design, and construction management.

All projects selected to receive CWSRF funds undergo an extensive evaluation to ensure that the most cost effective and environmentally sound alternative is chosen and that the appropriate technology is employed. Projects for municipalities experiencing severe infiltration/inflow or overflow problems can receive expedited reviews in order to eliminate the SSO.

4. Ensure the financial integrity of the CWSRF program through effective accounting practices.

Internal controls will continue to be monitored in order to ensure that there are no areas of weakness. In addition, a premium will be placed on abiding to newly pronounced Federal and State regulations, particularly as they apply to Financial

Reporting.

5. Begin funding (technically and financially feasible) projects under expanded CWSRF eligibilities.

The North Carolina CWSRF Program funded "Green Projects," such as Storm Water and Energy Recovery Projects through funding made available from the American Recovery and Reinvestment Act of 2009. It is anticipated that this trend will continue and possibly expand in the future.

IV. PROGRAM DETAILS

A. Fund Financial Status

1. Binding Commitments

The State of North Carolina entered into five original binding commitments during fiscal year 2009(see Exhibit 1.) These commitments have been made from the 2008 Capitalization Grant and second round funds. These projects combined for a total of \$68,734,579. In addition, \$1,880,880 was disbursed for administrative purposes in FY 2009 of which \$409,375 were federal dollars. These are accrued figures. The dollars exceeding the 4% administration fee were available from the aggregate 2% administrative fees that have been collected from the onset of the program.

- 1a. The State of North Carolina entered into an additional 37 binding commitments under the American Recovery and Reinvestment Act of 2009. EPA has agreed to cost-share 100% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$70,729,100. These funds are intended to be disbursed in the form of a combination zero percent interest loan and principal forgiveness to selected recipients. As of June 30, 2009, binding commitments totaled \$43,122,855 and administrative fees for the period ended, June 30, 2009, totaled \$230,200.

2. Sources of Funds

Exhibit 3 shows the sources of funds for FY 2009. The State received a capitalization grant of \$12,281,247 of which the total amount was made available by the grant's payment schedule. Other fiscal year 2009 fund sources included the state match funds of \$2,456,249; a beginning balance of loan repayment funds of \$144,383,757; principal repayments on loans to communities of \$36,715,791 interest earned on loans to communities of \$12,213,959; and interest earned on the fund balance of \$7,760,845.

3. Disbursement

Exhibit 5 and 6 shows that during the fiscal year \$62,821,405 was disbursed to recipients of loan commitments and the accumulation of the 2% fee.

4. Financial Statements

Further financial statements have been submitted (per the accompanying attachments) by the North Carolina Department of Environment and Natural Resources Controller's Office.

5. Loan Portfolio Status

North Carolina's loan portfolio is performing well, with no loan defaults, restructures, or other problems.

B. Assistance Activity

Exhibits 1-3 and Exhibit 7 illustrate the assistance level financial activity of the fund for fiscal year 2009.

Exhibit 1 shows the projects which North Carolina's CWSRF has funded during the past year. It is divided into three parts. Part 1 lists all of the Section 212 publicly owned treatment works receiving assistance derived from the EPA capitalization grant, state match, and second round funds. Part 2 lists the projects receiving assistance from the American Recovery and Reinvestment Act of 2009. For each project this chart shows the project number, assistance amount, binding commitment date, construction start date, targeted initiation of operations date, type of assistance being provided, interest rate, and maturity date of loan. Parts 3 & 4 show the assistance amounts to provide the program with administrative funds.

Exhibit 2 shows a breakdown of binding commitments by quarter. It includes both the projects that received commitments during FY 2009 and the administrative funds.

Exhibit 3 shows the source of funds for FY 2009 broken down by quarter.

Exhibit 7 shows the assistance amount provided to each Section 212 project by needs category.

Provisions of the Operating Agreement/Conditions of the Grant

The NC CWSRF program currently operates under an Operating Agreement with the Environmental Protection Agency (June 2008) which contains approximately eighteen provisions. Additionally, the most recent grant agreement (CS-37000108) contains approximately thirty administrative and programmatic conditions most of which are

related to the program. Approximately six of the conditions in the grant agreement are not applicable to the CWSRF program, and with the exception of the binding commitment provision not being fully met, the remaining provisions and conditions of the Operating Agreement and the grant agreement have been met. Several conditions are ongoing in nature, and those conditions will continue to be met as the program continues.

A brief discussion of selected conditions/provisions follows:

1. State Matching Funds

North Carolina's state match this year was derived from state appropriations.

2. Binding Commitment

North Carolina entered into binding commitments with five entities within the fiscal year. These commitments have been made from the 2008 capitalization grant and from second round funds. By the end of the fiscal year, 100% of the EPA capitalization grant, excluding the State match and administrative fee, had been committed.

3. All Funds - Timely Expenditure

The State of North Carolina disburses funds to projects on a monthly basis, as invoiced. The program has disbursed \$62,821,405 to projects this year.

4. EPA/ACH Method of Financing

All cash draws of the CWSRF have been separate from other EPA draws, as required. Cash draws for projects are accomplished immediately. The draws for administrative expenses are now routinely done on a monthly basis.

5. State Accounting and Auditing Procedures / Annual Audit

The NC State Auditor's Office routinely audits the program on an annual basis. The Auditor's office conducted an extensive compliance audit for the CWSRF program during this fiscal year.

6. Disadvantaged Business Enterprise Rule. (MBE/WBE requirements)

North Carolina negotiated a fair share objective for MBE at 8 percent and WBE at five percent of participation in activities financed by the CWSRF. The total MBE/WBE procurement reported on EPA Form 5700-52A was \$1,518,480 for MBE and \$3,025,647 for WBE. The MBE/WBE percentage of procurement awarded during F.Y. 2009 was 2.71% for MBE and 5.39% for WBE.

V. PROGRAM CHANGES

The Annual Report reflects the following changes from the original IUP:

1. The City of Raleigh – Phase I sewer rehabilitation project has been delayed due to additional redesign requirements. It is anticipated that this project will be funded during the next fiscal year.
2. The Town of Tryon has applied for alternate funding and will not be included in future IUPs.
3. The Town of Columbia secured alternate funding for the proposed project.
4. Onslow County Water and Sewer Authority (ONWASA) is included on the 2008 IUP. However, the project was ready to proceed early and was funded during the previous fiscal year.
5. The City of Marion was successful in securing ARRA funding for the proposed project and will not be included in future IUP's.
6. The City of Dunn applied for but did not receive ARRA funding. This project will be funded in the next fiscal year.
7. The Town of Wilkesboro also applied for, but did not receive ARRA funding. This project will be funded during the next fiscal year.
8. The City of Statesville's design has been delayed due to the need to obtain NPDES nutrient limits related to an upcoming TMDL. It is anticipated that this project will be funded during the next fiscal year.
9. Contentnea Metropolitan Sewerage District has secured alternate funding for the proposed project and will not be included in future IUPs.
10. The City of Southport was successful in securing ARRA funding for the proposed project and will not be included in future IUP's.
11. The Town of Oak Island's complete project was included on a previous IUP (2006.) The project was subsequently phased, and the current phase was funded during this fiscal year. The project is being funded with second round monies.

VI. ENVIRONMENTAL BENEFITS OF PROJECTS

North Carolina continues to participate in the Environmental Benefits Reporting

System developed by Northbridge and each of the funded projects have been entered into the system.

STATE OF NORTH CAROLINA
Capitalization Grants for Clean Water State Revolving Fund
Notes to Financial Statements
June 30, 2009

Note 1 Organization of the Fund

North Carolina's Clean Water State Revolving Fund (CWSRF) was established pursuant to Title VI of the Federal Clean Water Act of 1987 (the Act). This legislation established the CWSRF program to replace the old construction grants program which had provided grant assistance to construct publicly-owned wastewater treatment plants (POTW's). The CWSRF provides low interest rate loans for POTW's, nonpoint source pollution control projects, and estuary management plans. Loans made by the fund must be repaid within 20 years. All repayments, including interest and principal, must remain in the fund. North Carolina's enabling legislation for the CWSRF is General Statute 159G-5(c).

The CWSRF was capitalized by the U.S. Environment Protection Agency (EPA) by a series of grants (CFDA 66.458) beginning in 1989. In order to receive a grant, states are required to provide an additional 20 percent of the Federal capitalization grant as matching funds. As of June 30, 2009, North Carolina has been awarded \$491,476,135 in capitalization grants which has necessitated a state match totaling \$98,295,221. This match has been provided through state appropriations except in fiscal years 1994, 1995, 1999, 2000, 2001, 2002 and 2003 when it was provided for through state bond proceeds.

North Carolina's CWSRF is administered by the Department of Environment and Natural Resources through the Division of Water Quality's Construction Grants and Loans (CG&L) Section. The Section's primary activities with regard to the CWSRF include the review of engineering reports and project plans and specifications, the award and administration of construction loans, on site inspection of construction projects, the disbursement of loan awards, the receipt of loan repayments and the accounting for all CWSRF activities. The State's Local Government Commission provides the financial eligibility review of loan applicants, creates all promissory documents, and sends notices of principal and interest due. The approval of loans is a function of the Local Government Commission.

The support staff of the Construction Grants and Loans Section, which administers the CWSRF program, is funded by a 4 percent administrative allocation of the capitalization grant awards as established under Title VI for that purpose. After these administrative funds are utilized, the administration of the program will be supported by a 2 percent loan fee which is collected from each

loan project. The cost of administering the program includes salaries, fringe benefits, and operating expenses. Indirect costs are also charged to the program through an approved cost allocation plan. The administrative expenses are reimbursed by funds drawn from capitalization grants and the state match.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The fund is included in the State's general purpose financial statements as a Proprietary Fund using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred. The State has elected to follow the accounting pronouncements of the Governmental Accounting Standards Board (GASB), as well as statements issued by the Financial Accounting Standards Board (FASB) before November 30, 1989 unless the pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

All monies of the fund are deposited with the State Treasurer's Office, and are considered cash. According to State law, the Treasurer is responsible for maintaining the cash balances and investing excess cash of the Fund, as discussed in Note 3. Therefore, management of the Fund does not have any control over the investment of excess cash, and the statement of cash flows considers all funds deposited with the Treasurer to be cash or cash equivalents, regardless of actual maturities of the underlying investments.

Loans Receivable

The State operates the Fund as a direct loan program, whereby loans made to communities are 83.3 percent funded by the Federal capitalization grant, and 16.7 percent by the state matching amount. Loan funds are disbursed to the local agencies as they expend funds for the purposes of the loan and subsequently request reimbursement from the Fund. No provision for uncollectible accounts has been made as all loans are current, and management believes that all loans will be repaid according to the loan terms.

Contributed Capital

In accordance with generally accepted accounting principles, funds received from the EPA and the State for the capitalization of the Fund are recorded as contributed capital.

Note 3 Cash and Cash Equivalents

Agency deposits to the accounts of the State Treasurer and deposits of the State Treasurer may be made in any bank, savings and loan association or trust company in the State approved by the State Treasurer. Depositories are required, in accordance with the rules in Chapter 20 NCAC 7 (North Carolina Administrative Code), to collateralize all balances of the State Treasurer which are not insured. Basically, these rules require that the bank maintain, as collateral in an escrow account established by the State Treasurer with a third-party bank, securities of a type enumerated in the rules, in an amount whose market value is not less than the amount of the time deposits and the average balance of demand deposits for the preceding quarter less the allowable deposit insurance on the deposits. Generally, rules require the securities to be governmental in origin (e.g., U.S. Treasury and U.S. agency obligations, or state and local government obligations) or the highest grade commercial paper and bankers' acceptances. Financial institutions generally may elect to collateralize deposits separately (dedicated method) or to include the deposits of North Carolina government units in the same collateral pool with the State and certain component units (pooling method). Financial institutions report quarterly on bank balances and amounts deposited in escrow as collateralization of deposits. The bank balances of deposits at year-end are entirely insured or collateralized with securities held with the escrow agent.

The cash balances are invested as part of a pool of investments with the State Treasurer and are not segregated. Information on the investments are more fully explained in the State of North Carolina's Comprehensive Annual Financial Report.

Note 4 Loans Receivable

The EPA Revolving Loan Fund makes loans to qualified agencies for projects that meet eligibility requirements. Loans are financed by capitalization grants, state match, and revolving funds. Effective interest rates on loans vary between 2.1 percent and 3.82 percent. Interest accrues from the original date that a project's contract is scheduled to be completed. Principal repayments are made annually on or before May 1 or November 1 and interest payments are made semi-annually on or before May 1 and November 1. The first principal and interest payment is due not earlier than six months after the date of completion of the project. The loans are repaid over a maximum of 20 years.

Details of Clean Water Program loans receivable as of June 30, 2009 are:

Loans by Category:

Projects	Loans Authorized	Disbursed	Repayments	Loans Receivable	Remaining Commitment
Complete	\$766,002,602	\$766,002,602	\$309,493,388	\$453,267,414	\$ 0
Incomplete	<u>137,236,447</u>	<u>82,854,074</u>	<u>1,079,054</u>	<u>81,775,020</u>	<u>54,382,373</u>
	\$903,239,049	\$848,856,676	\$310,572,442	\$535,042,434	\$ 54,382,373
Less amount due within one year				<u>\$33,323,013</u>	
Loans Receivable – June 30, 2009				<u>\$ 501,719,421</u>	

Notes to the Financial Statements (continued)

Note 5

- Loans to Major Local Agencies

As of June 30, 2009, the Clean Water Program has made numerous loans to Agencies that exceed \$5 million. The following loans represent 75% of the total Loans authorized

<u>Recipient</u>	<u>Loans Authorized</u>	<u>Disbursed</u>	<u>Repayments</u>	<u>Loans Receivable</u>	<u>Remaining Commitment</u>
Thomasville	\$ 27,000,000	\$ 27,000,000	\$ -	\$ 27,000,000	\$ -
New Bern	20,110,036	20,110,036	5,014,039	15,095,997	0
Brunswick Co.	20,000,000	20,000,000	2,473,135	17,526,865	0
Wilson	19,362,954	19,362,954	2,904,443	16,458,511	0
Johnston Co.	17,500,000	12,944,361	0	12,944,361	4,555,639
Jacksonville	17,500,000	7,765,950	0	7,765,950	9,734,050
Holly Springs	17,500,000	16,625,000	0	16,625,000	875,000
Fuquay Varina	17,500,000	17,500,000	1,150,000	16,350,000	0
Fayetteville	16,969,848	16,969,848	2,545,477	14,424,371	0
Beaufort	15,673,000	9,959,536	0	9,959,536	5,713,464
Morehead City	15,000,000	13,870,055	0	13,870,055	1,129,945
Union Co.	15,000,000	15,000,000	750,000	14,250,000	0
Harnett Co.	15,000,000	15,000,000	1,500,000	13,500,000	0
Goldsboro	15,000,000	15,000,000	6,000,000	9,000,000	0
High Point	15,000,000	15,000,000	5,250,000	9,750,000	0
Durham	15,000,000	15,000,000	11,250,000	3,750,000	0
Jacksonville	15,000,000	15,000,000	9,750,000	5,250,000	0
Johnston Co.	14,508,144	14,508,144	2,176,222	12,331,922	0
Cabarrus Co.	14,234,112	14,234,112	4,865,820	9,368,292	0
Hickory	14,200,000	14,200,000	9,230,000	4,970,000	0
Greenville	13,356,080	1,969,486	0	1,969,486	11,386,594
Hendersonville	13,250,000	13,250,000	4,637,500	8,612,500	0
Wilson	13,092,019	13,092,019	5,236,808	7,855,211	0
Boone	12,800,000	12,800,000	7,040,000	5,760,000	0
Shelby	11,707,388	11,707,388	7,609,802	4,097,586	0
Greenville	11,629,783	11,629,783	3,101,275	8,528,508	0
Cabarrus Co.	10,500,000	10,500,000	7,350,000	3,150,000	0
Cary	10,223,222	10,223,222	1,533,483	8,689,739	0
Brunswick Co.	10,000,000	10,000,000	1,500,000	8,500,000	0
Lincolnton	10,000,000	10,000,000	1,846,615	8,153,385	0
Salisbury	9,200,000	9,200,000	4,140,000	5,060,000	0
Cabarrus Co.	9,165,777	9,165,777	1,886,867	7,278,910	0
Oak Island	9,000,000	4,042,672	0	4,042,672	4,957,328
Goldsboro	8,434,336	8,434,336	8,434,336	0	0
Oxford	8,269,309	8,269,309	1,240,396	7,028,913	0
Piedmont Triad	8,000,000	8,000,000	1,200,000	6,800,000	0
Kernersville	8,000,000	8,000,000	1,600,000	6,400,000	0
Raleigh	7,972,965	7,972,965	4,390,508	3,582,457	0
Siler City	7,952,053	7,952,053	5,964,040	1,988,013	0
Elizabeth City	7,714,299	7,714,299	4,242,861	3,471,438	0
Fayetteville	7,595,127	7,595,127	3,038,051	4,557,076	0
Gastonia	7,500,000	7,500,000	7,500,000	0	0

<u>Recipient</u>	<u>Loans Authorized</u>	<u>Disbursed</u>	<u>Repayments</u>	<u>Loans Receivable</u>	<u>Remaining Commitment</u>
Monroe	7,382,765	7,382,765	5,167,936	2,214,830	0
Kinston	7,355,445	7,355,445	735,545	6,619,901	0
High Point	7,137,854	7,137,854	4,784,822	2,353,032	0
Wilkesboro	6,740,500	0	0	0	6,740,500
Wilmington	6,650,000	6,650,000	6,650,000	0	0
Graham	6,505,269	6,505,269	3,035,792	3,469,477	0
Wake Forest	6,450,000	6,450,000	3,870,000	2,580,000	0
Williamston	6,165,491	6,165,491	2,466,196	3,699,295	0
Wendell	6,110,168	6,110,168	763,771	5,346,397	0
Zebulon	5,808,556	5,808,556	4,356,420	1,452,136	0
Brunswick Co.	5,777,944	5,777,944	1,946,108	3,831,836	0
Cabarrus Co.	5,687,110	5,687,110	1,423,244	4,263,866	0
Cabarrus Co.	5,675,313	5,675,313	1,154,615	4,520,698	0
Raleigh	5,614,000	5,614,000	4,491,200	1,122,800	0
Beaufort	5,605,333	4,077,897	280,267	3,797,630	1,527,436
Louisburg	5,361,230	5,361,230	4,020,923	1,340,308	0
Havelock	5,358,687	5,358,687	3,684,097	1,674,590	0
Cramerton	5,325,518	5,325,518	532,552	4,792,966	0
Burlington	5,159,849	5,159,849	5,159,849	0	0
Clinton	5,134,658	5,134,658	3,594,261	1,540,397	0
Mayodan	5,048,213	5,048,213	1,262,053	3,786,160	0
Burlington	5,000,000	5,000,000	5,000,000	0	0
Subtotal	\$ 683,474,355	\$ 636,854,399	\$ 212,731,329	\$ 424,123,070	\$ 46,619,956
Other Recipients (under \$5 million)	\$ 219,764,694	\$ 212,002,277	\$ 97,841,113	\$ 110,919,364	\$ 7,762,417
Total	<u>\$ 903,239,049</u>	<u>\$ 848,856,676</u>	<u>\$ 310,572,442</u>	<u>\$ 535,042,434</u>	<u>\$ 54,382,373</u>

Note 6 Contributed Capital and Fund Balance

<u>Year</u>	<u>Admin.</u>	<u>Loans</u>	<u>Total Award</u>	<u>State Match</u>	<u>Total Grant</u>
1989	\$755,627	\$21,922,242	\$22,677,869	\$4,535,574	\$27,213,443
1990	1,100,232	31,919,949	\$33,020,181	6,604,036	\$39,624,217
1991	1,300,782	37,738,286	\$39,039,068	7,807,814	\$46,846,882
1992	1,168,426	33,898,364	\$35,066,790	7,013,358	\$42,080,148
1993	1,155,834	33,533,073	\$34,688,907	6,937,781	\$41,626,688
1994	717,179	20,806,807	\$21,523,986	4,304,797	\$25,828,783
1995	740,988	21,488,670	\$22,229,658	4,445,931	\$26,675,589
** 1996	1,209,072	35,203,803	\$36,412,875	7,282,573	\$43,695,448
1997	374,934	10,873,050	\$11,247,984	2,249,596	\$13,497,580
***1998	810,087	23,492,532	\$24,302,619	4,860,523	\$29,163,142
1999	810,153	23,494,446	\$24,304,599	4,860,920	\$29,165,519
2000	807,407	23,414,824	\$24,222,231	4,844,446	\$29,066,677
2001	800,230	23,206,676	\$24,006,906	4,801,381	\$28,808,287
2002	802,012	23,258,354	\$24,060,366	4,812,073	\$28,872,439
2003	796,798	23,107,148	\$23,903,946	4,780,789	\$28,684,735
2004	797,280	23,121,120	\$23,918,400	4,783,680	\$28,702,080
2005	648,262	18,799,595	\$19,447,857	3,889,571	\$23,337,428
2006	632,170	15,277,452	\$15,804,261	3,160,852	\$18,965,113
2007	772,655	18,543,730	\$19,316,385	3,863,277	\$23,179,662
2008	491,250	11,789,997	\$12,281,247	2,456,249	\$14,737,496
Total	\$16,691,378	\$474,890,118	\$491,476,135	\$98,295,221	\$589,771,356
less draws through June 30, 2009			473,264,046		
Remaining draw avail. from awards			\$18,212,089		

** 1996 totals were corrected in this years Financial Report to reflect the correct award. The total award (1989 - 2009) now reflects disbursements and projections reflected on exhibit 8.

*** The State match was transposed by \$9 in previous financial reports.
The State match is correctly reflected in this report.

**Exhibit 1: Part 1: New Projects Identified for Receiving SRF Financial Assistance
Derived from the Capitalization Grant, State Match, and Second Round Funds.**

Project Name	Project Number	Assistance Amount	Binding Comm. Date	Const. Start Date	Type	Interest (Loan) Rate	Maturity (Loan) Date
Lincoln County	CS370825-01	17,500,000	7/24/2008	5/20/2009	Loan	2.50%	May-30
Greenville Utilities	CS370487-06	13,356,080	11/7/2008	1/5/2009	Loan	2.48%	May-30
Oak Island	CS370775-03	8,500,000	3/20/2009	6/15/2009	Loan	2.48%	May-30
City of Hickory	CS370389-18	17,500,000	3/20/2009	Est. 2009	Loan	2.48%	Unknown
Handy Sanitary District	CS370849-01	11,878,499	5/21/2009	7/13/2009	Loan	2.50%	May-30

Part 1 Total 68,734,579

Exhibit 1: Part 2: *New Projects Identified for Receiving ARRA Financial Assistance
ROUND #1 (awarded prior to June 30, 2009)**

Project Name	Project Number	Assistance Amount	Binding Comm. Date	Const. Start Date	Type	Interest (Loan) Rate	Maturity (Loan) Date
Buncombe Co MSD	2W370391-11	1,029,600	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Conover (City)	2W370436-05	1,727,025	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Meban (City)	2W370572-04	230,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Rhodhiss (Town)	2W370737-01	188,764	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Selma (Town)	2W370561-03	180,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Chadbourn (Town)	2W370586-04	1,212,491	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Gastonia (City)	2W370744-04	308,532	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Rich Square (Town)	2W370641-01	1,728,180	5/22/2009	Est. 2009	L/PF	0.00%	May-30
Liberty (Town)	2W370460-03	300,000	5/22/2009	Est. 2009	L/PF	0.00%	May-30
Youngsville (Town)	2W370693-01	919,280	5/22/2009	Est. 2009	L/PF	0.00%	May-30
Carolina Beach (Town)	2W370366-05	2,300,000	6/19/2009	Est. 2009	L/PF	0.00%	May-30
Carolina Beach (Town)	2W370366-06	1,000,000	6/19/2009	Est. 2009	L/PF	0.00%	May-30
Hertford (Town)	2W370526-04	854,187	6/10/2009	Est. 2009	L/PF	0.00%	May-30
Bryson City (Town)	2W370845-01	166,524	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Burlington (City)	2W370385-10	65,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Charlotte (City)	2W370377-10	2,194,900	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Charlotte (City)	2W370377-11	577,555	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Columbus (Town)	2W370672-01	280,600	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Cove City (Town)	2W370817-01	1,250,000	5/22/2009	Est. 2009	L/PF	0.00%	May-30
Eden (City)	2W370458-03	714,303	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Fayetteville (City)	2W370434-09	600,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Graham (City)	2W370563-03	1,000,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Hickory (City)	2W370389-19	1,938,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
High Point (City)	2W370387-08	1,798,500	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Highlands (Town)	2W370507-04	3,000,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Kure Beach (Town)	2W370681-03	619,432	6/10/2009	Est. 2009	L/PF	0.00%	May-30
Marion (City)	2W370406-02	2,601,364	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Moore County	2W370496-03	3,000,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Morehead City (Town)	2W370567-03	2,100,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Murphy (Town)	2W370516-03	771,500	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Pitt County	2W370878-01	1,802,264	6/10/2009	Est. 2009	L/PF	0.00%	May-30
Raleigh (City)	2W370419-04	465,735	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Roxboro (City)	2W370430-02	465,548	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Troutman (Town)	2W370580-04	237,595	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Tuckaseegee W&SA	2W370843-03	3,000,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Wilson (City)	2W370381-07	1,396,006	5/8/2009	Est. 2009	L/PF	0.00%	May-30
Dover (City)	2W370608-01	1,100,000	5/8/2009	Est. 2009	L/PF	0.00%	May-30

Round 1 Total 43,122,885

*** Economic Recovery under ARRA : 1/2 Principal Forgiveness, 1/2 Zero Percent (0.00%) 20 year maturity.

Exhibit 1: Part 3: SECTION 603 (d) (7) Program Assistance

Project Name	Project Number	Assistance Amount	Binding Comm. Date	Construction Start Date	Type	Interest (Loan) Rate	Maturity (Loan) Date
Program Admin	N/A	491,250	N/A	N/A	A	N/A	N/A

Exhibit 1: Part 4: SECTION 603 (d) (7) ARRA Program Assistance

Project Name	Project Number	Assistance Amount	Binding Comm. Date	Construction Start Date	Type	Interest (Loan) Rate	Maturity (Loan) Date
Program Admin **	N/A	2,829,164	N/A	N/A	A	N/A	N/A

** ARRA Commitments are reflected at 4% based on the actual 2009 Award

Exhibit 2: FY '09 Binding Commitments By Quarter

Project Name	Project Number	July - Sept. 2008	Oct. - Dec. 2008	Jan. - Mar. 2009	Apr. - June 2009	Fiscal Year Total	Type
Lincoln County	CS370825-01	17,500,000				17,500,000	Loan
Greenville Utilities	CS370487-06		13,356,080			13,356,080	Loan
Oak Island	CS370775-03			8,500,000		8,500,000	Loan
City of Hickory	CS370389-18			17,500,000		17,500,000	Loan
Handy Sanitary District	CS370849-01				11,878,499	11,878,499	Loan
Buncombe Co MSD	2W370391-11				1,029,600	1,029,600	L/PF
Conover (City)	2W370436-05				1,727,025	1,727,025	L/PF
Meban (City)	2W370572-04				230,000	230,000	L/PF
Rhodhiss (Town)	2W370737-01				188,764	188,764	L/PF
Selma (Town)	2W370561-03				180,000	180,000	L/PF
Chadbourn (Town)	2W370586-04				1,212,491	1,212,491	L/PF
Gastonia (City)	2W370744-04				308,532	308,532	L/PF
Rich Square (Town)	2W370641-01				1,728,180	1,728,180	L/PF
Liberty (Town)	2W370460-03				300,000	300,000	L/PF
Youngsville (Town)	2W370693-01				919,280	919,280	L/PF
Carolina Beach (Town)	2W370366-05				2,300,000	2,300,000	L/PF
Carolina Beach (Town)	2W370366-06				1,000,000	1,000,000	L/PF
Hertford (Town)	2W370526-04				854,187	854,187	L/PF
Bryson City (Town)	2W370845-01				166,524	166,524	L/PF
Burlington (City)	2W370385-10				65,000	65,000	L/PF
Charlotte (City)	2W370377-10				2,194,900	2,194,900	L/PF
Charlotte (City)	2W370377-11				577,555	577,555	L/PF
Columbus (Town)	2W370672-01				280,600	280,600	L/PF
Cove City (Town)	2W370817-01				1,250,000	1,250,000	L/PF
Eden (City)	2W370458-03				714,303	714,303	L/PF
Fayetteville (City)	2W370434-09				600,000	600,000	L/PF
Graham (City)	2W370563-03				1,000,000	1,000,000	L/PF
Hickory (City)	2W370389-19				1,938,000	1,938,000	L/PF
High Point (City)	2W370387-08				1,798,500	1,798,500	L/PF
Highlands (Town)	2W370507-04				3,000,000	3,000,000	L/PF
Kure Beach (Town)	2W370681-03				619,432	619,432	L/PF
Marion (City)	2W370406-02				2,601,364	2,601,364	L/PF
Moore County	2W370496-03				3,000,000	3,000,000	L/PF
Morehead City (Town)	2W370567-03				2,100,000	2,100,000	L/PF
Murphy (Town)	2W370516-03				771,500	771,500	L/PF
Pitt County	2W370878-01				1,802,264	1,802,264	L/PF
Raleigh (City)	2W370419-04				465,735	465,735	L/PF
Roxboro (City)	2W370430-02				465,548	465,548	L/PF
Troutman (Town)	2W370580-04				237,595	237,595	L/PF
Tuckasseigee W&SA	2W370843-03				3,000,000	3,000,000	L/PF
Wilson (City)	2W370381-07				1,396,006	1,396,006	L/PF
Dover (City)	2W370608-01				1,100,000	1,100,000	L/PF
Program Admin '08 Grant		491,250				491,250	A
Program Admin ARRA Grant		2,829,164				2,829,164	A
Binding Commitment Totals		17,500,000	13,356,080	26,000,000	55,001,384	111,857,464	
Cummulative Totals		20,820,414	13,356,080	26,000,000	55,001,384	115,177,878	

Amercian Recovery & Reinvestment Act (ARRA) is based on 4% of the total award (\$70,729,100)

Exhibit # 3 Source of SRF Funds By Quarter

Fiscal Year 2009

Source of Funds	Totals	July - Sept 2008	Oct. - Dec. 2008	Jan. - Mar. 2009	Apr. - June 2009
	FY 2009				
Payments					
FY 08 Grant	12,281,247	2,250,000	2,000,000	1,750,000	1,500,000
ARRA Grant	70,729,100				35,364,550
Cash Deposits					
FY '08 State Match	2,456,249	450,000	400,000	350,000	300,000
Loan Repayments					
Beginning Balance	144,383,757				
Principal Repayment	36,425,362		105,632		36,319,730
Interest Repayment	12,213,959		5,875,831		6,338,328
Interest Income	7,760,845	2,461,324	2,228,210	2,042,377	1,028,934
Totals	286,250,519	5,161,324	10,609,673	4,142,377	80,851,542

Exhibit 4: Binding Commitments with respect to Payments

Project Name	Project Number	Binding Commitments					Total
		Fiscal Year 2008					
		Qtr 1	Qtr 2	Qtr 3	Qtr 4		
Lincoln County	CS370825-01	1,500,000	5,000,000	5,000,000	6,000,000	17,500,000	
Greenville Utilities	CS370487-06		2,356,080	5,000,000	6,000,000	13,356,080	
Oak Island	CS370775-03			2,500,000	6,000,000	8,500,000	
City of Hickory	CS370389-18			5,000,000	12,500,000	17,500,000	
Handy Sanitary District	CS370849-01				11,878,499	11,878,499	
Buncombe Co MSD	2W370391-11				1,029,600	1,029,600	
Conover (City)	2W370436-05				1,727,025	1,727,025	
Meban (City)	2W370572-04				230,000	230,000	
Rhodhiss (Town)	2W370737-01				188,764	188,764	
Selma (Town)	2W370561-03				180,000	180,000	
Chadbourn (Town)	2W370586-04				1,212,491	1,212,491	
Gastonia (City)	2W370744-04				308,532	308,532	
Rich Square (Town)	2W370641-01				1,728,180	1,728,180	
Liberty (Town)	2W370460-03				300,000	300,000	
Youngsville (Town)	2W370693-01				919,280	919,280	
Carolina Beach (Town)	2W370366-05				2,300,000	2,300,000	
Carolina Beach (Town)	2W370366-06				1,000,000	1,000,000	
Hertford (Town)	2W370526-04				854,187	854,187	
Bryson City (Town)	2W370845-01				166,524	166,524	
Burlington (City)	2W370385-10				65,000	65,000	
Charlotte (City)	2W370377-10				2,194,900	2,194,900	
Charlotte (City)	2W370377-11				577,555	577,555	
Columbus (Town)	2W370672-01				280,600	280,600	
Cove City (Town)	2W370817-01				1,250,000	1,250,000	
Eden (City)	2W370458-03				714,303	714,303	
Fayetteville (City)	2W370434-09				600,000	600,000	
Graham (City)	2W370563-03				1,000,000	1,000,000	
Hickory (City)	2W370389-19				1,938,000	1,938,000	
High Point (City)	2W370387-08				1,798,500	1,798,500	
Highlands (Town)	2W370507-04				3,000,000	3,000,000	
Kure Beach (Town)	2W370681-03				619,432	619,432	
Marion (City)	2W370406-02				2,601,364	2,601,364	
Moore County	2W370496-03				3,000,000	3,000,000	
Morehead City (Town)	2W370567-03				2,100,000	2,100,000	
Murphy (Town)	2W370516-03				771,500	771,500	
Pitt County	2W370878-01				1,802,264	1,802,264	
Raleigh (City)	2W370419-04				465,735	465,735	
Roxboro (City)	2W370430-02				465,548	465,548	
Troutman (Town)	2W370580-04				237,595	237,595	
Tuckasseigee W&SA	2W370843-03				3,000,000	3,000,000	
Wilson (City)	2W370381-07				1,396,006	1,396,006	
Dover (City)	2W370608-01				1,100,000	1,100,000	
Program Admin 08 Grant		491,250				491,250	
Program Admin ARRA (Stimulus)		2,829,164				2,829,164	
(1) Binding Commitment Totals		1,500,000	7,356,080	17,500,000	85,501,384	115,177,878	
(2) Cumulative BC's (FY90 - 09)							
(Carryover from PY)	903,239,049	904,739,049	912,095,129	929,595,129	1,015,096,513		
(3) Cumulative Required Commitments *		555,670,787	555,670,787	555,670,787	555,670,787		
(4) BC as a % of Required Amount **		162.82%	164.14%	167.29%	182.68%		

* Cap and Match Total through Previous Year (120% of PY Federal)

Exhibit 5: Total Disbursements

	FY's		Fiscal Year 2009				Total
	1990 - 2009		Qtr 1	Qtr 2	Qtr 3	Qtr 4	
	782,793,471	782,793,471					
Disbursements			17,575,047	9,091,263	15,667,332	20,487,763	62,821,405
2009 Cumulative Totals		782,793,471	800,368,518	809,459,781	825,127,113	845,614,876	845,614,876

**** Note: The Beginning Total has been changed to reflect the correct drawdown amounts for Disbursements only.**

Exhibit 6: 2% Closing Fee *

	FY's 1990 - 2009	Fiscal Year 2009					Total
		Qtr 1	Qtr 2	Qtr 3	Qtr 4		
Loan Closing Fees	15,907,610	650,453	0	0	267,122	16,825,185	
Interest on Closing Fees	6,695,022	198,804	189,859	174,794	86,129	7,344,608	
Totals	22,602,632	849,257	189,859	174,794	353,251	24,169,793	

*** Maintained outside of the SRF, and to be used only to administer the CWSRF program.**

Exhibit 7: Assistance Amount by Needs Category

Project Name	Project Number	Amount	II	NEEDS CATEGORY				I	VII-D	VII-K	IV-A
				IV-B	III-A	III-B					
Lincoln County	CS370825-01	17,500,000	15,000,000	2,500,000							
Greenville Utilities	CS370487-06	13,356,080		13,356,080							
Oak Island	CS370775-03	8,500,000		8,500,000							
City of Hickory	CS370389-18	17,500,000					17,500,000				
Handy Sanitary District	CS370849-01	11,878,499									
Buncombe Co MSD	2W370391-11	1,029,600				1,029,600					
Conover (City)	2W370436-05	1,727,025			1,727,025						
Mebane (City)	2W370572-04	230,000				230,000					
Rhodhiss (Town)	2W370737-01	188,764			188,764						
Selma (Town)	2W370561-03	180,000		180,000							
Chadbourn (Town)	2W370586-04	1,212,491				1,212,491					
Gastonia (City)	2W370744-04	308,532			308,532						
Rich Square (Town)	2W370641-01	1,728,180			1,728,180						
Liberty (Town)	2W370460-03	300,000				300,000					
Youngsville (Town)	2W370693-01	919,280				919,280					
Carolina Beach (Town)	2W370366-05	2,300,000									
Carolina Beach (Town)	2W370366-06	1,000,000				1,000,000			2,300,000		
Hertford (Town)	2W370526-04	854,187			854,187						
Bryson City (Town)	2W370845-01	166,524				166,524					
Burlington (City)	2W370385-10	65,000							65,000		
Charlotte (City)	2W370377-10	2,194,900							2,194,900		
Charlotte (City)	2W370377-11	577,555							577,555		
Columbus (Town)	2W370672-01	280,600									
Cove City (Town)	2W370817-01	1,250,000									1,250,000
Eden (City)	2W370458-03	714,303			714,303						
Fayetteville (City)	2W370434-09	600,000								600,000	
Graham (City)	2W370563-03	1,000,000			1,000,000						
Hickory (City)	2W370389-19	1,938,000									
High Point (City)	2W370387-08	1,798,500			1,798,500						
Highlands (Town)	2W370507-04	3,000,000									3,000,000
Kure Beach (Town)	2W370681-03	619,432				1,210,432					
Marion (City)	2W370406-02	2,601,364					2,601,364				
Moore County	2W370496-03	3,000,000									
Morehead City (Town)	2W370567-03	2,100,000									
Murphy (Town)	2W370516-03	771,500									
Pitt County	2W370878-01	1,802,264		1,802,264							
Raleigh (City)	2W370419-04	465,735									
Roxboro (City)	2W370430-02	465,548			465,548				465,735		
Troutman (Town)	2W370580-04	237,595			237,595						
Tuckaseegee W&SA	2W370843-03	3,000,000									
Wilson (City)	2W370381-07	1,396,006			1,396,006						
Dover (Town)	2W370608-01	1,100,000									1,100,000
Totals		111,857,464	15,000,000	38,216,843	12,548,352	12,028,715	23,101,364	3,408,290	2,794,900	5,350,000	

Project Needs Categories

- I: Secondary Treatment
- II: Advanced Treatment
- III-A: Minor Rehabilitation
- III-B: Rehabilitation and Replacement
- IV-A: Collection Sewers
- IV-B: New Interceptor Sewers
- VII-D: Urban Stormwater/BMPs
- VII-K: Hydromodification

Exhibit 8: Payment Schedule
Actual and Projected Increases in SRF Letter of Credit

Fiscal Year	Total Annual Cap Grant	LOC Payments - Actual FY1990				LOC Payments FY1991			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
1989	22,677,869	4,887,596	2,901,666		8,465,833		6,422,774		
1990	33,020,181					1,100,673	4,565,017	15,916,667	2,375,001
1991	39,039,068								
Total		4,887,596	2,901,666	0	8,465,833	1,100,673	10,987,791	15,916,667	2,375,001
Cumulative		7,789,262	7,789,262	16,255,095	17,355,768	28,343,559	44,260,226	46,635,227	

Fiscal Year	Total Annual Cap Grant	LOC Payments - Actual FY1992				FY1993			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
1990			9,062,823				6,250,000	2,237,671	
1991		15,234,219	6,250,000	9,067,178		9,980,954	8,591,666	7,833,333	
1992	35,066,790								
Total		15,234,219	15,312,823	9,067,178		9,980,954	14,841,666	10,071,004	
Cumulative		61,869,446	77,182,269	86,249,447	86,249,447	96,230,401	111,072,067	121,143,071	121,143,071

Fiscal Year	Total Annual Cap Grant	LOC Payments - Actual FY1994				FY1995			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
1992		8,333,333			327,504				
1993	34,688,907	27,563,907	4,250,000	2,875,000					
1994	21,523,986					14,576,502	6,511,746		435,738
Total		35,897,240	4,250,000	2,875,000	327,504	14,576,502	6,511,746	0	435,738
Cumulative		157,040,311	161,290,311	164,165,311	164,492,815	179,069,317	185,581,063	185,581,063	186,016,801

Fiscal Year	Total Annual Cap Grant	LOC Payments - Actual				FY2005				
		FY2004	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
2002										
2003	23,903,946		5,614,085	4,812,073	4,812,073	0				
2004	23,918,400									
	Total		5,614,085	4,812,073	4,812,073	8,665,715	3,986,400	4,812,073	4,812,073	10,307,854
	Cumulative		382,418,124	387,230,197	392,042,270	400,707,985	404,694,385	409,506,458	414,318,531	424,626,385

Fiscal Year	Total Annual Cap Grant	LOC Payments - Actual				FY2006				
		FY2005	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
2004										
2005	19,447,857		3,247,792	3,889,571	3,889,571	8,420,923				
2006	15,804,261						3,000,000	3,250,000	3,250,000	6,304,261
	Total		3,247,792	3,889,571	3,889,571	8,420,923	3,000,000	3,250,000	3,250,000	6,304,261
	Cumulative		427,874,177	431,763,748	435,653,319	444,074,242	447,074,242	450,324,242	453,574,242	459,878,503

Fiscal Year	Total Annual Cap Grant	LOC Payments - Actual FY2007				FY2008			
		Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
2006									
2007	19,316,385	3,000,000	3,250,000	3,250,000	9,816,385	3,000,000	3,000,000	3,000,000	3,281,247
2008	12,281,247								
	Total	3,000,000	3,250,000	3,250,000	9,816,385	3,000,000	3,000,000	3,000,000	3,281,247
	Cumulative	462,878,503	466,128,503	469,378,503	479,194,888	482,194,888	485,194,888	488,194,888	491,476,135

Exhibit 9: Completed Section 212 POTW's - FY 2009

Project Name	Project Number	Ass't Amount	Binding Commit Date	Const. Start Date	Initial Operating Date	Interest Rate %	Const. Loan Matures
Clinton	CS370425-05	\$4,000,000	5/15/2007	8/30/2007	8/1/2008	2.1	
Mufreesboro	CS370491-03	\$4,035,300	5/15/2007	6/7/2007	8/28/2008	2.1	
Maiden	CS370437-04	\$1,492,000	5/14/2007	10/6/2007	10/28/2008	2.1	
Union County	CS370370-09	\$15,000,000	6/28/2006	2/20/2006	11/5/2008	2.265	
Beaufort	CS370669-03	\$7,414,000	3/22/2007	4/19/2007	2/5/2009	2.265	
Thomasville	CS370619-02	\$27,000,000	1/13/2006	2/20/2006	3/17/2009	2.305	

Exhibit 10: Loan Amount by Credit Rating*

Assistance	AAA	AA	AA -	A+	A	Not Rated	Total
Loans @ 2.50					29,378,499		29,378,499
Loans @ 2.48		17,500,000				21,856,080	39,356,080
Loans @ 0.00	3,238,190	2,967,600	5,119,567	5,035,557	5,724,696	24,275,465	43,122,885

Total Amount of Loans	3,238,190	20,467,600	5,119,567	5,035,557	35,103,195	46,131,545	111,857,464
As a % of Loans	2.89%	18.30%	4.58%	4.50%	31.38%	41.24%	100.00%

Exhibit 11: Breakdown of Administrative Costs

	Federal	State	Total
Personnel	409,375	1,011,190	1,420,565
Other	0	460,315	460,315
Total	409,375	1,471,505	1,880,880

NOTE: Breakdown per DENR Controller's Office and is on Cash Basis

Exhibit 11a: Breakdown of Administrative Costs (American Recovery & Reinvestment Act)

	Federal	State	Total
Personnel	191,225	0	191,225
Other	38,975	0	38,975
Total	230,200	0	230,200

STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Net Assets
June 30, 2009 and 2008

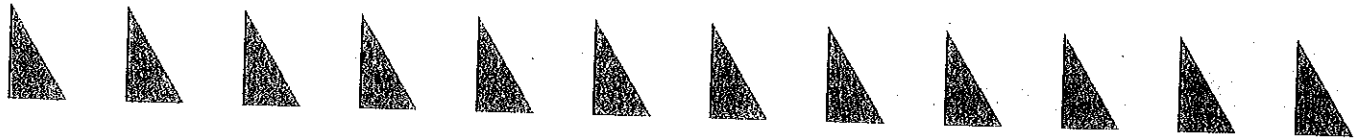
	Clean Water Program	
	2009	2008
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 239,787,692	\$ 224,624,246
Investment-Bond Proceeds	0	1,522,981
Receivables:		
Loans (Due within one year)	33,323,013	33,791,714
Accrued Interest	2,012,624	2,661,387
Other	2,407	4,841
State Treasurer's Securities Lending Collateral	91,261,896	142,702,322
Total Current Assets	366,387,632	405,307,491
Capital Assets, Depreciable		
Machinery and Equipment	65,534	65,534
Accumulated Depreciation	(37,435)	(31,146)
Total Capital Assets, Depreciable (net)	28,099	34,388
Noncurrent Assets:		
Loans Receivable (Due after one year)	501,719,421	475,145,106
Total Assets	868,135,152	880,486,985
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,001	3,808
Accrued Vacation Leave	8,291	7,342
Accrued Payroll	0	0
Obligations Under State Treasurer's Securities		
Lending Agreements	91,261,896	142,702,322
Other Accrued Liabilities	2,102	3,888
Total Current Liabilities	91,274,290	142,717,360
Noncurrent Liabilities:		
Accrued Vacation Leave	173,275	128,626
Total Liabilities	91,447,565	142,845,986
NET ASSETS		
Invested in Capital Assets, net of related debt	28,099	34,388
Restricted for:		
Program Loans	776,659,488	737,606,611
Total Net Assets	\$ 776,687,587	737,640,999

STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2009 and 2008

	Clean Water Program	
	2009	2008
REVENUES		
Operating Revenues:		
Interest Income on Loans	\$ 12,218,598	12,725,558
Loan Closing Fees	1,447,581	802,046
Miscellaneous	20	67
Total Operating Revenues	13,666,199	13,527,671
EXPENSES		
Operating Expenses:		
Personal Services	1,657,068	1,458,718
Supplies and Material	5,582	12,346
Services	39,846	59,600
Depreciation	6,290	7,367
Insurance & Bonding	675	328
Other Fixed Charges	22,697	8,604
Capital Outlay	12,887	19,556
Other Expenses	117,000	113,668
Total Operating Expenses	1,862,045	1,680,187
Operating Income (Loss)	11,804,154	11,847,484
NONOPERATING REVENUES		
Federal Grants	16,737,409	10,714,543
Interest Income	7,770,234	15,791,164
Fees on Debt Service		(8,165)
Sale of Surplus Property		
Gain (loss) on Sale of Property & Equipment		
Miscellaneous		(5,833,041)
Total Nonoperating Revenues	24,507,643	20,664,501
Income Before Transfers	36,311,797	32,511,985
Transfers In	2,874,625	3,982,655
Transfers Out	(139,834)	(124,156)
Increase in Net Assets	39,046,588	36,370,484
Net Assets July 1	737,640,999	701,270,515
Net Assets June 30	\$ 776,687,587	\$ 737,640,999

STATE OF NORTH CAROLINA
EPA Revolving Loan Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009 and 2008

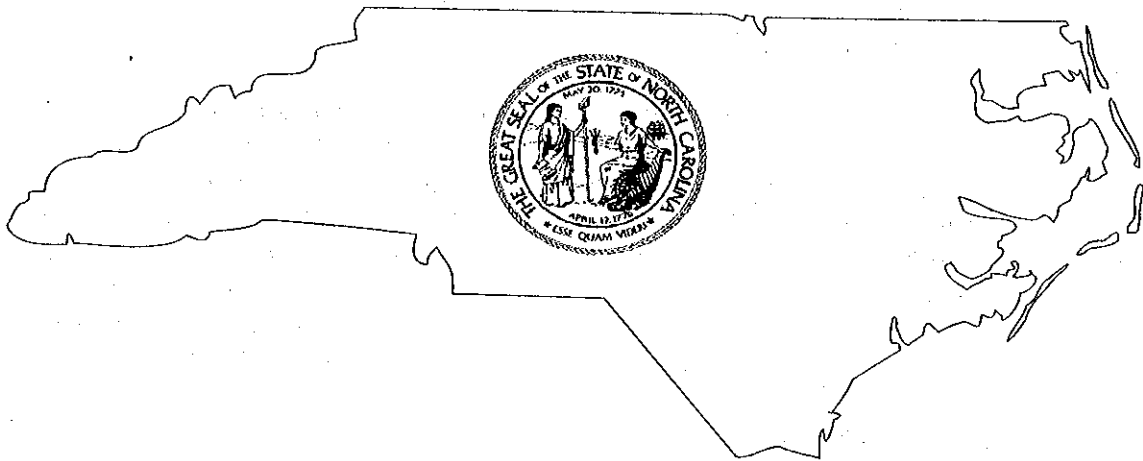
	Clean Water Program	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,447,601	\$ 802,113
Payments to employees and fringe benefits	(1,611,471)	(1,487,988)
Payments to vendors and suppliers	(62,583)	(89,047)
Payments to Other Funds		
Other Receipts/Payments	(139,697)	(122,272)
Net Cash Used by Operating Activities	(366,150)	(897,194)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	16,739,844	10,711,472
Transfers in	2,953,815	3,982,655
Transfers out	(219,025)	(124,156)
Fees for Debt Service		(8,165)
Net Cash Provided from Noncapital Financing Activities	19,474,634	14,561,806
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(19,082)
Sale of Surplus and Adjustment		(2)
Net Cash Used in Capital Financing Activities		(19,084)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions from the State Treasurer L/T investment pool	2,083,849	4,341,741
Purchase into State Treasurer L/T investment pool	(560,869)	(940,011)
Repayment on loans	36,715,791	35,351,136
New loans issued	(62,821,405)	(39,030,703)
Interest on loans	12,379,918	12,528,511
Other	8,257,677	9,911,738
Net Cash Provided by Investing Activities	(3,945,039)	22,162,412
Net Increase (decrease) in total Cash and Cash Equivalents	15,163,445	35,807,940
Cash and Cash Equivalents, Beginning of Year	224,624,247	188,816,307
Cash and Cash Equivalents, End of Year	\$ 239,787,692	\$ 224,624,247
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 11,804,154	11,847,484
Adjustments to Reconcile Operating Income to Net		
Depreciation/Amortization Expense	6,290	7,367
Cash Flow provided by Operating Activities:		
Nonoperating loan interest income	(12,218,598)	(12,725,558)
Loan Repayment		
(Increase) Decrease in Current Assets		
Increase (Decrease) in Liabilities	42,004	(26,487)
Net Cash Used by Operating Activities	\$ (366,150)	(897,194)
NONCASH INVESTING ACTIVITIES		
Assets Acquired Through the Assumption of a Liability	\$ 91,261,896	142,702,322



**Drinking Water State Revolving Fund
(DWSRF)
Annual Report**

Capitalization Grants

For Period Ending June 30, 2009



State of North Carolina

September 30, 2009

I. INTRODUCTION

Amendments to the Safe Drinking Water Act (SDWA) of 1996 created the Drinking Water State Revolving Fund (DWSRF). Public Law 104-182 established a new Section 1452 in the SDWA which authorized capitalization grants to states. This law also established the qualifying conditions to be met by the states as recipients of the funds and also described the intended uses of the DWSRF.

The State of North Carolina herewith submits its Annual Report for the DWSRF program for state fiscal year 2009 (July 1, 2008-June 30, 2009). This report shows the actual use of these funds, and describes how North Carolina has met the goals and objectives of its DWSRF program during fiscal year 2009 as identified in its Intended Use Plan (IUP) which described the planned use of these funds for project and set-aside purposes.

II. EXECUTIVE SUMMARY

North Carolina has received capitalization grants totaling \$213,237,900. The approved IUPs included DWSRF monies for projects in the amount of \$161,100,845. The state has provided the required 20% match funds of \$45,475,560. The remaining portion of the capitalization grants, \$52,137,055 was described as non-project or set-aside uses in the IUPs. Supplemental funding for this reporting period included \$1,177,244 interest earned on deposits, as well as loan repayments of \$7,160,789 principal and \$2,563,366 in interest.

During state fiscal year 2009 North Carolina made 7 new binding commitments to provide assistance for the construction of water supply facilities. This obligation totaled \$11,833,638. Other projects had changes in the amount of their original commitments resulting in a net obligation increase of \$20,365,833. Disbursements from North Carolina's DWSRF to 22 loan recipients totaled \$33,346,892. In addition \$9,073,880 was expended during this reporting period for set-aside purposes, including DWSRF program administration; state programs; small system technical assistance; and local assistance and other state programs, as detailed in Exhibit 3 and in this report.

III. GOALS AND ACCOMPLISHMENTS

A. Short-Term Goals and Accomplishments

North Carolina identified eight short-term goals in its FY07 IUP, and has worked to meet these program objectives.

1. Provide loans to eligible public water systems to address acute health risks as a priority.

The criteria, developed for awarding priority rating points to applications for low interest loans, provide a greater amount of points to projects that demonstrate acute health risks in need of remediation.

2. Provide loans to eligible public water systems to allow consolidation of non-viable water systems to form systems with adequate capacity.

Simultaneous to consolidating public water systems experiencing health hazard risks, opportunities to consolidate non-viable water systems are considered as well. This allows eligible viable water systems to supply these customers.

3. Provide funding for preventative and efficiency measures, such as source water protection and the replacement of aging infrastructure.

Applications for off stream settling basins, upgrading of water treatment plants, and upgrading transmission and distribution lines were given high to medium priority ratings when documentation was provided to show the existing health risk associated with excessive raw water turbidity or insufficient water pressure could be reduced by funding the project.

4. Increase compliance for transient water systems.

The Public Water Supply Section's field staff continues to provide updated inventory information as they become aware of the needed changes. Maximum contaminant level exceedance letters, monitoring failure notifications and administrative orders are routinely prepared and mailed from the central office in Raleigh. In addition, central office has also prepared and issued administrative penalties to non-compliant systems for delinquencies in bacteriological monitoring.

5. Assist EPA in meeting regional program objectives by conducting State Supervision activities and meeting workplan objectives and measures.

The Section met the workplan objectives and measures for the State Supervision activities during the past year.

6. Provide the required State match within the required time frame.

State match for the Federal FY 2007 capitalization grant received during the reporting period was provided by appropriation from the 2009 NC Legislature.

7. Participate in the creation of a joint drinking water/wastewater database system for financial management of the DWSRF.

The database has been developed and is maintained by the Construction Grants Section of the Division of Water Quality. The database has not been used for active production at this time. The Department continues to work on the technical issues involved with the deployment of this system.

8. Provide funding to improve state knowledge of availability of water supply to meet drinking water needs.

A contract was negotiated with the University of North Carolina's Environmental Finance Center to develop an inventory of information on water system interconnections, water system rates and rate structures, and training on these topics.

B. Long-Term Goals and Accomplishments

North Carolina continues to work on the following nine long-term commitments that were included in its prior IUPs.

1. Support the North Carolina goal of assuring safe and healthy drinking water for state residents and visitors served by public water supplies.

Progress continues to be made in improving the drinking water quality for the state.

2. Increase the percent of the population served by safe public water systems.

Funding service area expansion projects that address areas with contaminated private wells raises the state's overall level of public health protection.

Constant monitoring of analytical results for regulated and unregulated contaminants ensures that the highest percent of the state's population are being served drinking water from safe public water systems. While compliance rates fluctuate as new rules take effect, trends show increases overall.

3. Increase the safety of public water systems.

The award of DWSRF monies to public water system upgrade proposals allows the safety of existing public water systems to be increased. Additionally small system technical assistance and resultant inspections identify deficiencies that must be satisfied to remain in compliance with state and federal requirements.

4. Promote safe and affordable drinking water.

In addition to the improvements to existing water systems made possible by project funding, a great emphasis is now being placed on prevention of entry of threatening contaminants through the implementation of a source water assessment program and its subcomponents, like wellhead protection. These activities, as well as the other set-asides, are described in more detail in the Program Details, Section IV, in this report.

5. Provide technical and financial assistance to public water systems in adapting to changing drinking water quality standards and maintaining the health objectives of the SDWA.

Assistance provided by both central and field office staff support and DWSRF loans.

6. Maintain the fiscal integrity of the DWSRF to assure continuance of loan funds for future generations.

As revolving loan principal repayments and interest payments are received, they will be deposited to an account dedicated to disbursement for new loans.

7. Assist water systems in complying with new SDWA rules as they are implemented.

Assistance is provided with new rules to the extent resources allow. Limited DWSRF funding supports this goal. Informational mailings including an annual, "Regulatory Update," are sent periodically to water systems on specific issues and staff participation on numerous operator schools and training classes.

8. The strategy for implementing North Carolina's Capacity Development Program was submitted on August 23, 2000 and approved on September 21, 2000. Beginning in FY 2000, an annual report has been available to the public describing the efficacy of and the progress made by NC's capacity development program. This same report has been submitted in a timely manner to the Governor in FY 2002, FY 2005 and FY 2008 as required by Section 1420(c)(3) of the SDWA.

Water System Management Plans are a central feature of North Carolina's capacity development strategy. The majority of community and nontransient noncommunity water systems have documented their management plans and policies, financial strategies, and basic operating requirements in these documents. In order to promote further increases in capacity, North Carolina is working directly with small water systems through outreach and training.

9. Ensure technical integrity of the proposed water system improvements, advocate self-sufficiency, protect water resources from new pollution sources, and promote sustainability.

This goal is accomplished through Plan Review and Approval process which includes Capacity Development requirements.

IV. PROGRAM DETAILS

A. Fund Financial Status

1. Sources of Funds

Exhibit 4 shows the sources of project funds for state fy 2009. During this period, the State received its 2007 capitalization grant of \$27,695,000. Other state fy 2009 sources included \$1,185,337 in interest earned on deposits, \$5,539,000 in state match, and \$9,724,155 (principal and interest) in loan repayments.

2. Projects

As reflected in Exhibit 2, the State of North Carolina entered into 7 original binding commitments during fiscal year 2009 which total \$11,833,638. Including increases and decreases to other projects the total committed through June 30, 2009 was as follows:

Commitment from Capitalization Grant/Match Funds	\$209,834,982
Commitment from Revolving Fund	\$ 53,141,481
Total Committed through June 30, 2009	\$262,976,463

3. Payments to Automated Clearinghouse (ACH)

Exhibit 3 shows the Schedules of Payments to the ACH. Exhibit 2 shows binding commitments as compared to the payment schedule.

4. Disbursements

Total disbursements during FY 2009, as shown in Exhibit 3, consisted of \$33,346,892 disbursed to projects and \$9,073,880, expended for set aside activities.

5. Loan Repayments

As reflected in Exhibit 4, loan principal repayments during the fiscal year totaled \$7,160,789 with interest received on loans totaling \$2,563,366. Of this amount, \$314,977 principal and \$109,321 interest was deposited with the North Carolina State Treasurer's Office. These funds will be held in escrow until the retirement of the bonds that were sold to provide match to the 1998-2002 Capitalization Grants.

6. Loan Administrative Fee

Exhibit 5 reflects activity associated with loan administrative fees. During the reporting period, fees totaling \$248,205 were paid by 5 applicants. Interest earned on funds in the Loan Administrative Fee Account totaled \$208,812.

7. Financial Statements

Exhibits 1 through 7 are prepared on the cash basis, in keeping with the method used to compile DWSRF data in the National Information Management System (NIMS).

B. Assistance Activity

Exhibits 6 and 7 illustrate the project assistance activity of the fund for the period ending June 30, 2009.

Exhibit 6 shows the projects with which North Carolina's DWSRF has entered into binding commitments for low interest loans during the period.

Exhibit 7 shows the assistance amount provided to each project by needs category.

C. Conditions of the Grant

The North Carolina State Auditor's Office conducts an annual audit of the DWSRF. Audit procedures are conducted in accordance with Generally Accepted Auditing Standards and Government Auditing Standards issued by the Comptroller General of the United States. The State Auditor Report for the last fiscal year disclosed no instances of non-compliance with Terms and Conditions of the DWSRF Grant.

D. Set-Aside Program Reports

The following report on set-asides is presented in the order described in the approved Intended Use Plans.

1. Program Administration (up to 4% of Capitalization Grant).

The DWSRF is administered by the NCPWSS. This set-aside is used for salaries and associated expenses of personnel devoting time to program administration, as outlined in the Intended Use Plan.

2. Technical Assistance for Small Systems. (up to 2% of Capitalization Grant)

The State continued to provide technical assistance to small water systems. This funding used jointly by the NCPWSS and the North Carolina Rural Water Association continued workplan activities as necessary to achieve maximum utilization. The NCPWSS continued its support of 3 Environmental Specialist

positions in Regional Offices. These offices provided technical assistance to systems during 2,760 sanitary surveys and 7,351 total on-site contacts during the period from January 1, 2008 to December 31, 2008. NCRWA's contract was continued in support of a circuit rider position that provided 898 contacts of technical assistance during the period from July 1, 2008 to June 30, 2009. These contacts involved dialog with water system personnel in accordance with the objectives and methods described in the activities and assistance in the described in the Intended Use Plan.

3. *Drinking Water State Program Management Functions (up to 10% of Capitalization Grant).*

A full-time Source Water Protection (SWP) Program Engineer is on staff and coordinates the development, implementation, and management of a Source Water Protection Program, including coordination with delineation and assessment activities, wellhead protection program activities, and interaction with other state agencies. During the past year, the SWP Engineer continued to support the Source Water Assessment Program (SWAP) and the existing state Wellhead Protection Program.

Partnership arrangements with other agencies are a major component of NC's source water protection strategy. Specifically, other agencies have been recruited to integrate SWAP data into their agendas and funding priorities. We currently maintain relationships with agencies that fund agricultural BMPs, stormwater BMPs, land conservation, and stream restoration projects. In a typical budget year, our partnering agencies leverage over \$125 million to fund environmental projects across the state. We have had opportunity to showcase these partnership initiatives at national meetings and conferences. Feedback from EPA and other states has remained positive. We have provided guidance to other states upon their request (e.g., Florida Department of Environmental Protection, November 2008).

Following participation in EPA's Smart About Water Conference, the NC Source Water Protection Program initiated a new relationship with NC Rural Communities Assistance Project (NC RCAP). We assisted NC RCAP with a series of workshops designed to promote SWP planning for small communities. We prepared NC RCAP to play a lead role in the initiation and development of local SWP plans.

NC's Source Water Protection Program was recently selected to participate in EPA's Enabling Source Water Protection Project. We have initiated a major effort to create tools, incentives, and outreach strategies to encourage source water protection activities at the local level. We are specifically targeting local officials, watershed organizations, and land conservancies in this project. NC will be assisted by a team of national experts comprised of the Trust for Public Land, the Smart Growth Leadership Institute, the River Network, and the Association of State Drinking Water Administrators.

The Source Water Protection Program continued to promote the development of local SWP plans. This effort included presentations and consultations with local government officials, public water providers, and stakeholder groups. To date, six public water providers using a surface source have agreed to participate in the voluntary Source Water Protection Program. Three plans have been approved by NCPWSS, two are near completion, and one more has recently been initiated. These water providers serve a combined population of approximately 235,000 consumers.

As an incentive to participate in the Source Water Protection Program, a low-interest loan program for land conservation is being funded through DWSRF set-asides. To qualify, an applicant (unit of local government) must have an approved Source Water Protection Plan. Last November, NCPWSS assisted in the protection of 116 acres containing 5600 linear feet of stream buffers in sensitive headwaters supplying drinking water for Lincoln County. The city of Creedmoor has recently applied to the program and will develop strategies to protect drinking water derived from Falls Lake. The program has been embraced by the Conservation Trust for North Carolina, an umbrella organization that influences land conservation activities throughout the state. Last summer, NCPWSS was invited to speak on the relationship between land conservation and source water protection at the SE Regional Watershed Forum in Charleston, SC.

4. Local Assistance and other State programs (up to 15% of Capitalization Grant).

i. *Establishment and implementation of a wellhead protection program.*

From July 1, 2008 through June 30, 2009 the PWSS continued to implement a process for the review and approval of local Wellhead Protection (WHP) plans submitted by public water supply (PWS) systems. During this period, the PWSS received ten local WHP plans. Of these, four were first time submittals and six were updates/renewals of previously approved plans. The newly submitted plans bring the total number of unique PWS systems that have submitted WHP plans to 175. Of these, 115 had received approval of their WHP plans prior to the current reporting period. The remaining plans were under active review during the reporting period. Active review included generating review letters requesting additional information and/or clarification regarding the information submitted with the local WHP plans as well as attending meetings with the parties involved in plan development (e.g., local government officials, consultants, NCRWA staff, etc.). During the current reporting period, ten PWS systems received approval of their WHP plans. Of these, four were first time approvals with the remaining six approvals for updates/renewals of previously approved plans. This brings the total number of PWS systems with approved WHP plans in North Carolina to 119. These 119 systems comprise 625 PWS wells serving a population of 729,761.

As part of the WHP plan review process, PWSS staff reviewed draft wellhead protection area delineations submitted by PWS systems. This allows the PWS systems to receive tentative approval of their WHPAs prior to proceeding with development of the remaining WHP plan components (i.e., potential contamination source inventory, management plan, etc.). During the current reporting period, fifteen PWS systems received tentative approval of their delineated WHPAs. Also, as part of the WHP plan review process, PWSS staff continued the development and maintenance of an MS Access database for tracking State WHP Program information.

From July 1, 2008 through June 30, 2009, NCPWSS staff continued to provide WHP Program information and assistance to interested parties upon request. Information and assistance included: WHP plan requirements; copies of the North Carolina Wellhead Protection Guidebook; lists of public water supply systems with approved WHP plans; maps of approved WHPAs; source aquifer determination; assessment of the degree of aquifer confinement and aquifer recharge rates; determination of the size, shape and orientation of WHPAs, and; information on potential contamination sources. Potential contamination source information provided included recommendations to local governments, PWS managers, environmental consultants, the NCRWA and others on: relative risk to groundwater supplies; waste handling practices; standard operating procedures to reduce the potential for ground water contamination; and best management strategies. Information requests frequently originated from environmental consultants conducting limited site assessments (LSAs) as part of a risk based analysis of sites with soil and/or ground water contamination. These LSAs require the identification of all PWS wells and WHPAs within a 1500-foot radius of the contaminated site. NCPWSS staff continued to provide information regarding the location of approved WHPAs to the State's Division of Waste Management (DWM). The DWM is responsible for review of LSAs and oversight of remediation efforts conducted at sites with ground-water contamination resulting from leaking petroleum underground storage tanks.

PWSS staff involved in the WHP Program also provided technical review and hydrogeologic expertise and analysis requested by other Programs within the PWSS, other state agencies, units of local government, citizens, environmental consultants, contractors, the NCRWA, and others. Examples include: hydrogeologic analysis to determine source aquifer and degree of confinement related to requests for reduction of monitoring for disinfection byproducts such as trihalomethanes and haloacetic acids; analysis of aquifer tests to determine aquifer characteristics; review and comment on technical publications relating to the hydrogeology of the state and ground water occurrence and movement; and review and comment on proposed well construction rule changes with the potential to impact drinking water quality.

To improve the efficiency of providing WHP Program information, PWSS staff continued to maintain an internet website where this information can be obtained. Information available on this website included WHP plan requirements, a downloadable version of the North Carolina Wellhead Protection Guidebook (PDF format), a list of approved WHP plans, and an ArcIMS Viewer that allows an interested party to view all approved WHPAs on an interactive map of the State either by querying the underlying database or by panning and zooming to a particular area.

PWSS staff continued to develop and maintain ArcView GIS shapefiles for all approved WHPAs. Maps of approved WHPAs on USGS 7.5 minute topographic quadrangle base maps were produced from these shapefiles and included with WHP plan approval letters sent to PWS systems. Copies of these maps were also provided to Regional Office staff and to the State's Division of Waste Management. Electronic copies of maps in the form of JPEG images were also provided upon request via email to environmental consultants conducting limited site assessments as part of a risk based analysis of sites with soil and/or ground water contamination. PWSS staff continued the development of WHPA shapefiles for newly approved WHP plans.

The PWSS staff continued to provide information regarding the North Carolina Division of Pollution Prevention and Environmental Assistance (DPPEA) to local governments and public water supply systems developing WHP plans. This included providing these systems with educational flyers describing services offered by the DPPEA. These flyers are distributed to businesses visited by public water supply system staff while conducting potential contamination source inventories as part of WHP plan development. The DPPEA provides free technical and other non-regulatory assistance to reduce the amount of waste released into the air and water and on the land. The DPPEA serves as a central repository for waste reduction and pollution prevention information.

On July 1, 2008, the PWSS and the NCRWA entered into an agreement (Contract No. 001235) for NCRWA to continue providing assistance to public water supply systems in the development of local WHP plans. This contract continued to provide the NCRWA with two full-time ground water technicians and an administrative technical support position for the development of new WHP plans. Additionally, the contract included incentives for assisting PWS systems in obtaining approval of WHP Plans that had been previously submitted but had failed to receive approval due to defined deficiencies.

During the current reporting period, PWSS staff continued to promote local involvement in North Carolina's Wellhead Protection and Source Water Protection Programs via presentations at workshops, conferences and seminars. For example, PWSS staff provided information and training in source water and wellhead protection planning at the North Carolina Rural

Communities Assistance Project (NCRCAP) workshops entitled "SMART about Water: a workshop for protecting public drinking water." NCRCAP is a nonprofit organization that partners with rural areas to build community and local government capacity to address public health, environmental quality, and community development issues pertaining to drinking water, wastewater, and affordable housing needs.

From July 1, 2008 through June 30, 2009, PWSS staff worked with representatives from the NCRWA to promote PWS systems interest and participation in the WHP Program. As part of this effort, systems that had received approval of their WHP plans during the previous twelve months were recognized with framed certificates at the NCRWA's annual conference in May 2009. PWSS staff also continued to foster and develop cross-communication efforts between state UST/LUST Program and the State Drinking Water Program.

From July 1, 2008 through June 30, 2009, WHP Program staff continued to support the development of the Source Water Protection (SWP) Program. Support provided to the SWP Program included providing input at internal SWP meetings, providing review and analysis of work products generated by the Program, providing review and analysis of hydrogeologic data relevant to the delineation and assessment component of the Program, and assisting in the generation of SWAP reports.

E. Transfer of Funds from Set-Asides into Standard Project Accounts.

At any time, the DWSRF Administrator can transfer any unspent funds to the funds available for project loans. Once transferred, these funds must remain as part of the funds available for Standard Project loans. Funds for Local Assistance and Other State Programs can be reallocated among the five different activities or transferred to the funds available for Standard Project loans, based upon the needs of the eligible water systems for any given year upon approval of grant amendment.

F. DBE (MBE/WBE) Requirements.

The DBE percentage of \$12,819,551 in total procurement awarded during the state FY 2009 was 2.22 for MBE procurement of \$285,524 and 15.1 for WBE procurement of \$1,935,479 as reported on EPA Form 5700-52A's.

North Carolina
Drinking Water State Revolving Fund
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Exhibit 1

Capitalization Grants
Current Summary

	Beginning Balance 7/1/2008	Current Year Award (a)	Total Available	Current Year Disbursements	Remaining Balance 6/30/2009	Transfers to Projects at 7/1/2008 (b)
Set Asides						
63xx Administration	\$ 1,639,185.37	\$ 1,107,800.00	\$ 2,746,985.37	\$ 576,410.63	\$ 2,170,574.74	\$ (1,201,338.00)
64xx State Program Functions	\$ 1,743,306.39	\$ 2,769,500.00	\$ 4,512,806.39	\$ 2,445,567.61	\$ 2,067,238.78	\$ (2,418,526.00)
65xx Technical Assistance	\$ 684,734.45	\$ 553,900.00	\$ 7,259,791.76	\$ 3,021,978.24	\$ 4,237,813.52	\$ (608,246.00)
66xx Local Assistance and Other State Programs						
-6621 Wellhead Protection	\$ 1,908,245.16	\$ 1,291,800.00	\$ 3,200,045.16	\$ 613,789.84	\$ 2,586,255.32	
-6622 Capacity Development	\$ 1,875,765.98	\$ 1,286,000.00	\$ 3,161,765.98	\$ 696,234.02	\$ 2,465,531.96	
-6640 Loans for Acquisitions/Easements	\$ 1,638,000.00	\$ 1,638,000.00	\$ 3,276,000.00	\$ 1,719,900.00	\$ 1,556,100.00	
Total Local Assistance & Other State Programs	\$ 5,265,961.14	\$ 5,853,800.00	\$ 11,119,761.14	\$ 3,029,923.86	\$ 6,607,887.28	\$ (5,491,220.00)
Total Set Asides	\$ 9,333,187.35	\$ 10,285,000.00	\$ 25,639,344.66	\$ 9,073,880.34	\$ 15,083,514.32	\$ (9,719,330.00)
Projects						
Federal Share	\$ 31,021,290.00	\$ 19,109,550.00	\$ 50,130,840.00	\$ 26,913,744.00	\$ 23,217,096.00	\$ 9,719,330.00
State Share	\$ 7,516,486.00	\$ 5,539,000.00	\$ 13,055,486.00	\$ 6,433,148.00	\$ 6,622,338.00	
Total Projects	\$ 38,537,776.00	\$ 24,648,550.00	\$ 63,186,326.00	\$ 33,346,892.00	\$ 29,839,434.00	
Total Funding	\$ 47,870,963.35	\$ 34,933,550.00	\$ 88,825,670.66	\$ 42,420,772.34	\$ 44,922,948.32	
Funding Source						
Federal Funds	\$ 40,354,477.35	\$ 29,394,550.00	\$ 75,770,184.66	\$ 35,987,624.34	\$ 38,300,610.32	
State Funds	\$ 7,516,486.00	\$ 5,539,000.00	\$ 13,055,486.00	\$ 6,433,148.00	\$ 6,622,338.00	
Total Funding	\$ 47,870,963.35	\$ 34,933,550.00	\$ 88,825,670.66	\$ 42,420,772.34	\$ 44,922,948.32	

Cumulative Summary

	See Exhibit	Set Asides	Projects	Match	Total Available	Total Disbursed	Ending Balance 6/30/2009
Closed Grants - 1997 through 2000	1-G	\$ 18,543,145.00	\$ 81,981,055.00	\$ 20,104,840.00	\$ 120,629,040.00	\$ 120,629,040.00	\$ -
2002 Capitalization Grant	1-F	\$ 3,233,017.00	\$ 10,906,883.00	\$ 2,827,980.00	\$ 16,967,880.00	\$ 16,967,880.00	\$ -
2003 Capitalization Grant	1-E	\$ 4,357,019.00	\$ 9,697,881.00	\$ 2,810,980.00	\$ 16,865,880.00	\$ 16,193,649.00	\$ 672,231.00
2004 Capitalization Grant	1-D	\$ 4,322,784.00	\$ 10,257,116.00	\$ 2,915,980.00	\$ 17,495,880.00	\$ 16,852,540.00	\$ 643,340.00
2005 Capitalization Grant	1-C	\$ 4,510,221.00	\$ 10,038,879.00	\$ 2,909,820.00	\$ 17,458,920.00	\$ 3,136,048.00	\$ 14,322,872.00
2006 Capitalization Grant	1-B	\$ 8,585,419.00	\$ 19,109,481.00	\$ 5,538,980.00	\$ 33,233,880.00	\$ 24,520,484.65	\$ 8,713,395.35
2007 Capitalization Grant	1-A	\$ 8,585,450.00	\$ 19,109,550.00	\$ 5,539,000.00	\$ 33,234,000.00	\$ 8,364,759.00	\$ 24,869,241.00
Total Program Funding		\$ 52,137,055.00	\$ 161,100,845.00	\$ 42,647,580.00	\$ 255,885,480.00	\$ 206,664,400.65	\$ 49,221,079.35

(a) 2007 Capitalization Grant awarded 7/1/2008

(b) Set aside remaining balances on 6/30/08 for grant years 2005, 2004, 2003 and 2002 were transferred to Projects. These amounts are reflected Beginning Balances 7/1/08.

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

**North Carolina
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Exhibit 1-A

**2007 Capitalization Grant
7/1/2008 - 9/30/2013**

	<u>Award Amount</u>	<u>Beginning Balance 7/1/2008</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance 6/30/2009</u>
<u>Set Asides</u>				
6307 Administration	\$ 1,107,800.00	\$ -	\$ -	\$ 1,107,800.00
6407 State Program Functions	\$ 2,769,500.00	\$ -	\$ 709,692.00	\$ 2,059,808.00
6507 Technical Assistance	\$ 553,900.00	\$ -	\$ -	\$ 553,900.00
6607 Local Assistance and Other State Programs				
-6621 Wellhead Protection	\$ 1,291,800.00	\$ -	\$ -	\$ 1,291,800.00
-6622 Capacity Development	\$ 1,286,000.00	\$ -	\$ -	\$ 1,286,000.00
-6640 Loans for Acquisitions/Easements	\$ 1,576,460.00	\$ -	\$ 12,600.00	\$ 1,563,860.00
Total Local Assistance and Other State Programs	<u>\$ 4,154,260.00</u>	<u>\$ -</u>	<u>\$ 12,600.00</u>	<u>\$ 4,141,660.00</u>
Total Set Asides	<u>\$ 8,585,450.00</u>	<u>\$ -</u>	<u>\$ 722,292.00</u>	<u>\$ 7,863,158.00</u>
<u>Projects</u>				
6C07 Federal Share	\$ 19,109,550.00	\$ -	\$ 5,925,060.00	\$ 13,184,490.00
6D07 State Share	\$ 5,539,000.00	\$ -	\$ 1,717,407.00	\$ 3,821,593.00
Total Projects	<u>\$ 24,648,550.00</u>	<u>\$ -</u>	<u>\$ 7,642,467.00</u>	<u>\$ 17,006,083.00</u>
Total Funding	<u>\$ 33,234,000.00</u>	<u>\$ -</u>	<u>\$ 8,364,759.00</u>	<u>\$ 24,869,241.00</u>
<u>Funding Source</u>				
Total Federal Funds	\$ 27,695,000.00	\$ -	\$ 6,647,352.00	\$ 21,047,648.00
Total State Funds	<u>\$ 5,539,000.00</u>	<u>\$ -</u>	<u>\$ 1,717,407.00</u>	<u>\$ 3,821,593.00</u>
Total Funding	<u>\$ 33,234,000.00</u>	<u>\$ -</u>	<u>\$ 8,364,759.00</u>	<u>\$ 24,869,241.00</u>

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

**North Carolina
Drinking Water State Revolving Fund
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Exhibit 1-B

2006 Capitalization Grant
7/1/2007 - 9/30/2012

	<u>Award Amount</u>	<u>Beginning Balance 7/1/2008</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance 9/30/2009</u>
<u>Set Asides</u>				
6306 Administration	\$ 1,107,796.00	\$ 868,070.66	\$ 576,410.63	\$ 531,385.37
6406 State Program Functions	\$ 2,769,490.00	\$ 1,796,070.33	\$ 1,735,875.61	\$ 1,033,614.39
6506 Technical Assistance	\$ 553,898.00	\$ 412,601.00	\$ 423,063.55	\$ 130,834.45
6606 Local Assistance and Other State Programs				
-6621 Wellhead Protection	\$ 1,230,235.00	\$ 950,980.11	\$ 613,789.84	\$ 616,445.16
-6622 Capacity Development	\$ 1,286,000.00	1040,788.53	\$ 696,234.02	\$ 589,765.98
-6640 Loans for Acquisitions/Easements	\$ 1,638,000.00	\$ 1,638,000.00	\$ 1,719,900.00	\$ (81,900.00)
Total Local Assistance and Other State Programs	\$ 4,154,235.00	\$ 3,629,768.64	\$ 3,029,923.86	\$ 1,124,311.14
Total Set Asides	\$ 8,565,419.00	\$ 6,706,510.63	\$ 5,765,273.65	\$ 2,820,145.35
<u>Projects</u>				
6C06 Federal Share	\$ 19,109,481.00	\$ 16,548,422.00	\$ 14,540,558.00	\$ 4,568,923.00
6D06 State Share	\$ 5,538,980.00	\$ 4,506,789.00	\$ 4,214,653.00	\$ 1,324,327.00
Total Projects	\$ 24,648,461.00	\$ 20,055,211.00	\$ 18,755,211.00	\$ 5,893,250.00
Total Funding	\$ 33,233,880.00	\$ 26,761,721.63	\$ 24,520,484.65	\$ 8,713,395.35
<u>Funding Source</u>				
Total Federal Funds	\$ 27,694,900.00	\$ 22,254,932.63	\$ 20,305,831.65	\$ 7,389,068.35
Total State Funds	\$ 5,538,980.00	\$ 4,506,789.00	\$ 4,214,653.00	\$ 1,324,327.00
Total Funding	\$ 33,233,880.00	\$ 26,761,721.63	\$ 24,520,484.65	\$ 8,713,395.35

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

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Exhibit 1-C

**2005 Capitalization Grant
7/1/2006 - 9/30/2011**

	<u>7/1/2006 Award Amount</u>	<u>Beginning Balance 7/1/2008</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance 6/30/2009</u>	<u>Transferred to Projects at 7/1/2008 (a)</u>
<u>Set Asides</u>					
6305 Administration	\$ 581,964.00	\$ (581,964.00)	\$ -	\$ -	\$ (581,964.00)
6405 State Program Functions	\$ 1,454,910.00	\$ (1,454,910.00)	\$ -	\$ -	\$ (1,454,910.00)
6505 Technical Assistance	\$ 290,982.00	\$ (273,302.00)	\$ -	\$ -	\$ (273,302.00)
6605 Local Assistance and Other State Programs					
-6621 Wellhead Protection	\$ 1,195,365.00	\$ (1,167,146.25)	\$ -	\$ -	
-6622 Capacity Development	\$ 987,000.00	\$ (987,000.00)	\$ -	\$ -	
Total Local Assistance & Other State Programs	\$ 2,182,365.00	\$ (2,154,146.25)	\$ -	\$ -	\$ (2,154,146.00)
Total Set Asides	\$ 4,510,221.00	\$ (4,464,322.25)	\$ -	\$ -	\$ (4,464,322.00)
<u>Projects</u>					
6C05 Federal Share	\$ 10,038,879.00	\$ 12,829,487.00	\$ 722,020.00	\$ 12,107,467.00	
6D05 State Share	\$ 2,909,820.00	\$ 2,424,687.00	\$ 209,282.00	\$ 2,215,405.00	
Total Projects	\$ 12,948,699.00	\$ 15,254,174.00	\$ 931,302.00	\$ 14,322,872.00	
Total Funding	\$ 17,458,920.00	\$ 10,789,851.75	\$ 931,302.00	\$ 14,322,872.00	
<u>Funding Source</u>					
Total Federal Funds	\$ 14,549,100.00	\$ 12,829,487.00	\$ 722,020.00	\$ 12,107,467.00	
Total State Funds	\$ 2,909,820.00	\$ 2,424,687.00	\$ 209,282.00	\$ 2,215,405.00	
Total Funding	\$ 17,458,920.00	\$ 15,254,174.00	\$ 931,302.00	\$ 14,322,872.00	

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

(a) Set aside remaining balances on 6/30/2008 were transferred to Projects. These amounts are reflected in Beginning Balance 7/01/2008.

Administration	#####
State Program Functions	#####
Technical Assistance	#####
Local Assistance	#####
Projects - Federal Share	#####

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Exhibit 1-D

**2004 Capitalization Grant
7/1/2005 - 9/30/2010**

	<u>Award Amount</u>	<u>Beginning Balance 7/1/2008</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance 6/30/2009</u>	<u>Transferred to Projects at 7/1/2008 (a)</u>
<u>Set Asides</u>					
6304 Administration	\$ 583,196.00	\$ -	\$ -	\$ -	\$ (559,380.00)
6404 State Program Functions	\$ 1,457,990.00	\$ -	\$ -	\$ -	\$ (529,587.00)
6504 Technical Assistance	\$ 291,598.00	\$ -	\$ -	\$ -	\$ (205,934.00)
6604 Local Assistance and Other State Programs					
-6621 Wellhead Protection	\$ 1,050,000.00	\$ -	\$ -	\$ -	
-6622 Capacity Development	\$ 940,000.00	\$ -	\$ -	\$ -	
Total Local Assistance & Other State Programs	\$ 1,990,000.00	\$ -	\$ -	\$ -	\$ (1,836,852.00)
Total Set Asides	\$ 4,322,784.00	\$ -	\$ -	\$ -	\$ (3,131,733.00)
<u>Projects</u>					
6104 Federal Share	\$ 10,257,116.00	\$ 3,915,615.00	\$ 3,386,242.00	\$ 529,373.00	
6204 State Share	\$ 2,915,980.00	\$ 222,847.00	\$ 108,880.00	\$ 113,967.00	
Total Projects	\$ 13,173,096.00	\$ 4,138,462.00	\$ 3,495,122.00	\$ 643,340.00	
Total Funding	\$ 17,495,880.00	\$ 4,138,462.00	\$ 3,495,122.00	\$ 643,340.00	
<u>Funding Source</u>					
Total Federal Funds	\$ 14,579,900.00	\$ 3,915,615.00	\$ 3,386,242.00	\$ 529,373.00	
Total State Funds	\$ 2,915,980.00	\$ 222,847.00	\$ 108,880.00	\$ 113,967.00	
Total Funding	\$ 17,495,880.00	\$ 4,138,462.00	\$ 3,495,122.00	\$ 643,340.00	

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

(a) Set aside remaining balances as of 7/1/08 were transferred to Project funds. Those transfer amounts are reflected in the Beginning Balance 7/1/2008 column.

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Exhibit 1-E

**2003 Capitalization Grant
7/1/2004 - 9/30/2009**

	<u>Award Amount</u>	<u>Beginning Balance 7/1/2008</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance 6/30/2009</u>	<u>Transferred to Projects at 7/1/2008 (a)</u>
<u>Set Asides</u>					
6303 Administration	\$ 582,198.00	\$ (43,778.00)	\$ -	\$ -	\$ (43,778.00)
6403 State Program Functions	\$ 1,405,490.00	\$ (434,049.00)	\$ -	\$ -	\$ (434,049.00)
6503 Technical Assistance	\$ 281,098.00	\$ (128,869.00)	\$ -	\$ -	\$ (128,869.00)
6803 Local Assistance and Other State Programs					
-6621 Wellhead Protection	\$ 1,170,000.00	\$ (938,546.30)	\$ -	\$ -	
-6622 Capacity Development	\$ 938,235.00	\$ 44,848.00	\$ -	\$ -	
Total Local Assistance & Other State Programs	\$ 2,108,235.00	\$ (893,700.30)	\$ -	\$ -	\$ (893,700.00)
Total Set Asides	\$ 4,357,019.00	\$ (1,500,396.30)	\$ -	\$ -	\$ (1,500,396.00)
<u>Projects</u>					
6103 Federal Share	\$ 9,697,881.00	\$ 1,642,521.00	\$ 1,011,484.00	\$ 631,037.00	
6203 State Share	\$ 2,810,980.00	\$ 41,194.00	\$ -	\$ 41,194.00	
Total Projects	\$ 12,508,861.00	\$ 1,683,715.00	\$ 1,011,484.00	\$ 672,231.00	
Total Funding	\$ 16,865,880.00	\$ 183,318.70	\$ 1,011,484.00	\$ 672,231.00	
<u>Funding Source</u>					
Total Federal Funds	\$ 14,054,900.00	\$ 1,642,521.00	\$ 1,011,484.00	\$ 631,037.00	
Total State Funds	\$ 2,810,980.00	\$ 41,194.00	\$ -	\$ 41,194.00	
Total Funding	\$ 16,865,880.00	\$ 1,683,715.00	\$ 1,011,484.00	\$ 672,231.00	

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

(a) Set aside remaining balances as of 6/30/2008 were transferred to Projects. These amounts are reflected in Beginning Balance at 7/1/2008.

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Exhibit 1-F

**2002 Capitalization Grant
7/1/2003 - 10/30/2008**

	<u>Award Amount</u>	<u>Beginning Balance 7/1/2008</u>	<u>Current Year Disbursements</u>	<u>Remaining Balance 6/30/2009</u>	<u>Transferred to Projects at 7/1/2008 (a)</u>
<u>Set Asides</u>					
6302 Administration	\$ 565,586.00	\$ (16,216.00)	\$ -	\$ -	\$ (16,216.00)
6402 State Program Functions	\$ 1,413,990.00	\$ -	\$ -	\$ -	
6502 Technical Assistance	\$ 282,798.00	\$ (141.00)	\$ -	\$ -	\$ (141.00)
6602 Local Assistance and Other State Programs					
-6621 Wellhead Protection	\$ 970,633.00	\$ -	\$ -	\$ -	
-6622 Capacity Development	\$ -	\$ -	\$ -	\$ -	
Total Local Assistance and Other State Programs	\$ 970,633.00	\$ -	\$ -	\$ -	\$ (606,522.00)
Total Set Asides	\$ 3,233,017.00	\$ (16,357.00)	\$ -	\$ -	\$ (622,879.00) Reflected in Share Project Beginning B
<u>Projects</u>					
6009 Federal Share	\$ 10,906,883.00	\$ 1,328,380.00	\$ 1,328,380.00	\$ -	
60x0 State Share	\$ 2,827,980.00	\$ 182,926.00	\$ 182,926.00	\$ -	
Total Projects	\$ 13,734,863.00	\$ 1,511,306.00	\$ 1,511,306.00	\$ -	
Total Funding	\$ 16,967,880.00	\$ 1,494,949.00	\$ 1,511,306.00	\$ -	
<u>Funding Source</u>					
Total Federal Funds	\$ 14,139,900.00	\$ 2,776,540.00	\$ 1,328,380.00	\$ -	
Total State Funds	\$ 2,827,980.00	\$ 182,926.00	\$ 182,926.00	\$ -	
Total Funding	\$ 16,967,880.00	\$ 2,959,466.00	\$ 1,511,306.00	\$ -	

Note: The extent to which funds have been expended does not reflect an absence of commitment of unspent funds. It should be noted that, in fact, all grant funds awarded have been committed as defined in the approved EPA Work Plan and Intended Use Plans.

(a) Set aside remaining balances as of 6/30/2008 were transferred to Projects. These amounts are reflected in Beginning Balance at 7/1/2008.

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Exhibit 1-G

Grants Closed in Prior Fiscal Years

	<u>Set Asides</u>	<u>Projects</u>	<u>Match</u>	<u>Total Available</u>	<u>Total Disbursed</u>
1997 Capitalization Grant	\$ 7,198,208.00	\$ 38,915,892.00	\$ 9,222,820.00	\$ 55,336,920.00	\$ 55,336,920.00
1998 Capitalization Grant	\$ 2,466,464.00	\$ 10,392,936.00	\$ 2,571,880.00	\$ 15,431,280.00	\$ 15,431,280.00
1999 Capitalization Grant	\$ 2,804,785.00	\$ 10,673,115.00	\$ 2,695,580.00	\$ 16,173,480.00	\$ 16,173,480.00
2000 Capitalization Grant	\$ 2,872,124.00	\$ 11,135,276.00	\$ 2,801,480.00	\$ 16,808,880.00	\$ 16,808,880.00
2001 Capitalization Grant	\$ 3,201,564.00	\$ 10,863,836.00	\$ 2,813,080.00	\$ 16,878,480.00	\$ 16,878,480.00
Total Closed Grants	<u>\$ 18,543,145.00</u>	<u>\$ 81,981,055.00</u>	<u>\$ 20,104,840.00</u>	<u>\$ 120,629,040.00</u>	<u>\$ 120,629,040.00</u>

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Exhibit 2 - Binding Commitments With Respect To Payment Schedule

<u>Project Name</u>	<u>Project Number (DEH-)</u>	<u>Total Award</u>	<u>Prior Years</u>	<u>Binding Commitments</u>			
				<u>Quarter Ending</u>			
				<u>9/30/2008</u>	<u>12/31/2008</u>	<u>3/31/2009</u>	<u>6/30/2009</u>
<u>Current Year Projects</u>							
Tryon, Town of	1022	\$ 3,579,592	\$ -	\$ 3,579,592	\$ -	\$ -	\$ -
Hendersonville, City of	1030	\$ 909,937	\$ -	\$ 909,937	\$ -	\$ -	\$ -
Beaufort, Town of	1050	\$ 1,145,000	\$ -	\$ 1,145,000	\$ -	\$ -	\$ -
Lenoir, City of	1058	\$ 2,982,888	\$ -	\$ 2,982,888	\$ -	\$ -	\$ -
Macon Co./Franklin/Riverbend	1275	\$ 2,131,800	\$ -	\$ -	\$ -	\$ -	\$ 2,131,800
Asheville, City of/Viewmont	1593	\$ 664,001	\$ -	\$ -	\$ -	\$ -	\$ 664,001
Asheville, City of/Reynolds	1594	\$ 420,420	\$ -	\$ -	\$ -	\$ -	\$ 420,420
Total Current Year Projects		\$ 11,833,638	\$ -	\$ 8,617,417	\$ -	\$ -	\$ 3,216,221
Prior Years Projects		\$ 230,576,992	\$ 230,576,992				
Adjustments to Commitments Reported in Prior Years (a)		\$ 20,565,833	\$ 20,565,833				
Total Project Commitments		\$ 262,976,463	\$ 251,142,825	\$ 8,617,417	\$ -	\$ -	\$ 3,216,221
Set Asides (b)		\$ 44,149,103	\$ 35,563,684	\$ 8,585,419	\$ -	\$ -	\$ -
Binding Commitment Totals		\$ 307,125,566	\$ 286,706,509	\$ 17,202,836	\$ -	\$ -	\$ 3,216,221
Cumulative Binding Commitments Cumulative Through 6/30/09			\$ 286,706,509	\$ 303,909,345	\$ 303,909,345	\$ 303,909,345	\$ 307,125,566

(a) Net increase/decrease to project commitments reported in prior years. These changes are the result of projects being completed for less than the original committed amount, and excess funds being reverted to the general loan pool, or reassigned to existing projects for commitment increases.

(b) All Grant Funds awarded have been committed as defined in the approved EPA Workplan and Intended Use Plans.

Note: This Exhibit reflects the commitment of funds paid into the ACH. It does not include commitments made from loan repayments deposited into the Revolving Fund.

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Exhibit 3 - Total Disbursements

	Prior Years	Fiscal Year 2009				Total
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
Capitalization Grants						
Set Asides 1997 Capitalization Grant	\$ 7,198,208.00	\$ -	\$ -	\$ -	\$ -	\$ -
1998 Capitalization Grant	\$ 2,466,464.00	\$ -	\$ -	\$ -	\$ -	\$ -
1999 Capitalization Grant	\$ 2,804,785.00	\$ -	\$ -	\$ -	\$ -	\$ -
2000 Capitalization Grant	\$ 2,872,124.00	\$ -	\$ -	\$ -	\$ -	\$ -
2001 Capitalization Grant	\$ 3,191,943.57	\$ 896.14	\$ 8,724.29	\$ -	\$ -	\$ 9,620.43
2002 Capitalization Grant	\$ 2,426,153.36	\$ 87,487.38	\$ 79,730.64	\$ 25,198.33	\$ (8,433.30)	\$ 183,983.05
2003 Capitalization Grant	\$ 1,463,636.27	\$ 616,102.69	\$ 610,568.79	\$ 207,108.95	\$ (40,795.64)	\$ 1,392,984.79
2004 Capitalization Grant	\$ 690,420.72	\$ 282,791.53	\$ 195,914.62	\$ 88,614.28	\$ (66,692.55)	\$ 500,627.88
2005 Capitalization Grant	\$ -	\$ 14,068.97	\$ 31,829.26	\$ -	\$ -	\$ 45,898.23
2006 Capitalization Grant	\$ -	\$ 67.22	\$ 22,007.76	\$ 622,795.86	\$ 1,234,037.53	\$ 1,878,908.37
2007 Capitalization Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 23,113,734.92	\$ 1,001,413.93	\$ 948,775.36	\$ 943,717.42	\$ 1,118,116.04	\$ 4,012,022.75
Projects						
1997 Capitalization Grant	\$ 38,915,892.00	\$ -	\$ -	\$ -	\$ -	\$ -
State Match	\$ 9,222,820.00	\$ -	\$ -	\$ -	\$ -	\$ -
1998 Capitalization Grant	\$ 10,392,936.00	\$ -	\$ -	\$ -	\$ -	\$ -
State Match	\$ 2,571,880.00	\$ -	\$ -	\$ -	\$ -	\$ -
1999 Capitalization Grant	\$ 10,673,115.00	\$ -	\$ -	\$ -	\$ -	\$ -
State Match	\$ 2,695,580.00	\$ -	\$ -	\$ -	\$ -	\$ -
2000 Capitalization Grant	\$ 11,135,276.00	\$ -	\$ -	\$ -	\$ -	\$ -
State Match	\$ 2,801,480.00	\$ -	\$ -	\$ -	\$ -	\$ -
2001 Capitalization Grant	\$ 10,863,836.00	\$ -	\$ -	\$ -	\$ -	\$ -
State Match	\$ 2,813,080.00	\$ -	\$ -	\$ -	\$ -	\$ -
2002 Capitalization Grant	\$ 10,201,382.00	\$ 301,615.00	\$ 1,026,765.00	\$ -	\$ -	\$ 1,328,380.00
State Match	\$ 2,645,054.00	\$ 78,204.00	\$ 104,722.00	\$ -	\$ -	\$ 182,926.00
2003 Capitalization Grant	\$ 9,555,756.00	\$ -	\$ -	\$ 985,127.00	\$ 26,357.00	\$ 1,011,484.00
State Match	\$ 2,789,786.00	\$ -	\$ -	\$ -	\$ -	\$ -
2004 Capitalization Grant	\$ 9,699,137.00	\$ 675,160.00	\$ 2,280,869.00	\$ 390,969.00	\$ 39,244.00	\$ 3,386,242.00
State Match	\$ 2,757,354.00	\$ 9,297.00	\$ 88,427.00	\$ -	\$ 11,156.00	\$ 108,880.00
2005 Capitalization Grant	\$ 8,101,416.00	\$ 447,498.00	\$ 274,522.00	\$ -	\$ -	\$ 722,020.00
State Match	\$ 2,348,234.00	\$ 129,710.00	\$ 79,572.00	\$ -	\$ -	\$ 209,282.00
2006 Capitalization Grant	\$ 3,561,059.00	\$ 2,212,147.00	\$ 3,907,814.00	\$ 7,496,491.00	\$ 924,106.00	\$ 14,540,558.00
State Match	\$ 1,032,191.00	\$ 641,202.00	\$ 1,132,699.00	\$ 2,172,895.00	\$ 267,857.00	\$ 4,214,853.00
2007 Capitalization Grant	\$ -	\$ -	\$ 333,233.00	\$ 3,143,580.00	\$ 2,448,247.00	\$ 5,925,060.00
State Match	\$ -	\$ -	\$ 96,589.00	\$ 911,183.00	\$ 709,635.00	\$ 1,717,407.00
Total	\$ 154,757,264.00	\$ 4,494,833.00	\$ 9,325,212.00	\$ 15,100,245.00	\$ 4,426,602.00	\$ 33,346,892.00
Federal Share						
	\$ 123,099,805	\$ 3,636,420	\$ 7,823,203	\$ 12,016,167	\$ 3,437,954	
Cumulative	\$ 123,099,805	\$ 126,736,225	\$ 134,559,428	\$ 146,575,595	\$ 150,013,549	
State Share						
	\$ 31,657,459	\$ 858,413	\$ 1,502,009	\$ 3,084,078	\$ 988,648	
Cumulative	\$ 31,657,459	\$ 32,515,872	\$ 34,017,881	\$ 37,101,959	\$ 38,090,607	
Total Disbursements	\$ 177,870,998.92	\$ 5,496,246.93	\$ 10,273,987.36	\$ 16,043,962.42	\$ 5,544,718.04	\$ 37,358,914.75
Cumulative Disbursement Totals	\$ 177,870,999	\$ 183,367,246	\$ 193,641,233	\$ 209,685,196	\$ 215,229,914	

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Exhibit 4 - Status of The Fund

	Prior Years	Current Year	Total
Beginning Balance	\$ -	\$ 39,230,953.06	
Increase in Available Funds			
<u>New Funds Deposited</u>			
Closed Grants - 1997 through 2000	\$ 88,462,758.79	\$ -	\$ 88,462,758.79
2001 Capitalization Grant Projects	\$ 10,863,836.00	\$ -	\$ 10,863,836.00
State Match	\$ 2,813,080.00	\$ -	\$ 2,813,080.00
2002 Capitalization Grant Projects	\$ 10,201,382.00	\$ 1,328,380.00	\$ 11,529,762.00
State Match	\$ 2,645,054.00	\$ 182,928.00	\$ 2,827,980.00
2003 Capitalization Grant Projects	\$ 9,555,756.00	\$ 1,011,484.00	\$ 10,567,240.00
State Match	\$ 2,810,980.00	\$ -	\$ 2,810,980.00
2004 Capitalization Grant Projects	\$ 9,699,137.00	\$ 3,386,242.00	\$ 13,085,379.00
State Match	\$ 2,980,201.00	\$ 108,880.00	\$ 3,089,081.00
2005 Capitalization Grant Projects	\$ 16,466,581.00	\$ 722,020.00	\$ 17,188,601.00
State Match	\$ 4,772,921.00	\$ 209,282.00	\$ 4,982,203.00
2006 Capitalization Grant Projects	\$ 3,561,059.00	\$ 14,540,558.00	\$ 18,101,617.00
State Match	\$ 1,032,191.00	\$ 4,214,653.00	\$ 5,246,844.00
2007 Capitalization Grant Projects	\$ -	\$ 5,925,060.00	\$ 5,925,060.00
State Match	\$ -	\$ 1,717,407.00	\$ 1,717,407.00
Total New Funds	\$ 165,864,936.79	\$ 33,348,892.00	\$ 197,494,421.79
<u>Repayments Received - Principal</u>			
Deposited in Escrow with State Treasurer (1)	\$ 1,497,702.55	\$ 314,977.06	\$ 1,812,679.61
Less: Transfers into Revolving Project Fund	\$ -	\$ (603,455.37)	\$ (603,455.37)
Balance Held in Escrow	\$ 1,497,702.55	\$ (288,478.31)	\$ 1,209,224.24
Deposited into Revolving Projects Fund	\$ 26,311,073.80	\$ 6,845,811.93	\$ 33,156,885.73
Add: Transfers from Escrow	\$ -	\$ 603,455.37	\$ 603,455.37
Total Deposited into Revolving Projects Fund	\$ 26,311,073.80	\$ 7,449,267.30	\$ 33,760,341.10
Total Principal Repayments Received	\$ 27,808,776.35	\$ 7,160,788.89	\$ 34,969,565.34
<u>Repayments Received - Interest</u>			
Deposited in Escrow with State Treasurer (1)	\$ 938,135.10	\$ 109,321.26	\$ 1,047,456.36
Less: Transfers into Revolving Project Fund	\$ -	\$ (516,494.20)	\$ (516,494.20)
Balance Held in Escrow	\$ 938,135.10	\$ (407,172.94)	\$ 530,962.16
Deposited into Revolving Projects Fund	\$ 12,809,566.45	\$ 2,454,044.75	\$ 15,263,611.20
Add: Transfers from Escrow	\$ -	\$ 516,494.20	\$ 516,494.20
Total Deposited into Revolving Projects Fund	\$ 12,809,566.45	\$ 2,970,538.95	\$ 15,780,105.40
Total Interest Repayments Received	\$ 13,747,701.55	\$ 2,563,366.01	\$ 16,311,067.56
<u>Interest Earned on Fund Balance</u>	\$ 6,127,903.37	\$ 1,177,244.76	\$ 7,305,148.12
Total Increase in Available Funds	\$ 213,549,318.06	\$ 44,248,291.75	\$ 257,797,609.81
Decrease in Available Funds			
<u>Loan Disbursements</u>			
1997 Capitalization Grant Projects	\$ 48,138,712.00	\$ -	\$ 48,138,712.00
1998 Capitalization Grant Projects	\$ 12,964,816.00	\$ -	\$ 12,964,816.00
1999 Capitalization Grant Projects	\$ 13,368,695.00	\$ -	\$ 13,368,695.00
2000 Capitalization Grant Projects	\$ 13,936,756.00	\$ -	\$ 13,936,756.00
2001 Capitalization Grant Projects	\$ 13,676,916.00	\$ -	\$ 13,676,916.00
2002 Capitalization Grant Projects	\$ 12,846,436.00	\$ 1,511,306.00	\$ 14,357,742.00
2003 Capitalization Grant Projects	\$ 12,325,542.00	\$ 1,011,484.00	\$ 13,337,026.00
2004 Capitalization Grant Projects	\$ 12,456,491.00	\$ 3,495,122.00	\$ 15,951,613.00
2005 Capitalization Grant Projects	\$ 10,449,650.00	\$ 931,302.00	\$ 11,380,952.00
2006 Capitalization Grant Projects	\$ 4,593,250.00	\$ 18,755,211.00	\$ 23,348,461.00
2007 Capitalization Grant Projects	\$ -	\$ 7,642,467.00	\$ 7,642,467.00
Total Capitalization Grant Loan Disbursements	\$ 154,757,264.00	\$ 33,346,892.00	\$ 188,104,156.00
Revolving Fund Loan Disbursements	\$ 19,561,101.00	\$ 9,143,006.00	\$ 28,704,107.00
Total Decrease in Available Funds	\$ 174,318,365.00	\$ 42,489,898.00	\$ 216,808,263.00
Ending Balance	\$ 39,230,953.06	\$ 40,989,346.81	

(1) Interest and principal payments associated with Bond funds used as match are being held by the Office of State Treasurer in an escrow account. These funds will be released for deposit into The Fund following the liquidation of bond indebtedness, from which those projects derived their 20% match.

Note: "The Fund" consists of monies to be loaned out for projects, and does not include set aside funds.

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Exhibit 5 - Loan Administrative Fee

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Beginning Balance	\$ -		
Administrative Fees Collected	\$ 4,538,078.00	\$ 248,205.00	\$ 4,786,283.00
Interest Earned on Administrative Fees	\$ 818,717.30	\$ 208,811.69	\$ 1,027,528.99
Ending Balance			\$ 5,813,811.99

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Exhibit 6 - New Projects Identified for Receiving DWSRF Assistance

<u>Project Name</u>	<u>Project Number (DEH-)</u>	<u>Assistance Amount</u>	<u>Binding Commitment Date</u>	<u>Construction Start Date</u>	<u>Scheduled Completion Date</u>	<u>Loan Interest Rate</u>	<u>Loan Term (Years)</u>
<u>2003 Capitalization Grant</u> Tryon, Town of	1022	\$ 204,395	8/19/2008	4/13/2009	3/31/2010	2.480%	20
<u>2005 Capitalization Grant</u> Tryon, Town of	1022	\$ 3,375,197	8/19/2008	4/13/2009	3/31/2010	2.480%	20
<u>2007 Capitalization Grant</u> Hendersonville, City of	1030	\$ 909,937	9/8/2008	11/24/2008	11/24/2009	2.480%	20
Beaufort, Town of	1050	\$ 1,145,000	9/14/2008	2/20/2029	4/1/2010	2.480%	20
Lenoir, City of	1058	\$ 2,982,888	8/29/2008	11/7/2008	12/31/2009	2.480%	20
<u>DWSRF Revolving Fund (6902)</u> Macon Co./Franklin/Riverbend	1275	\$ 2,131,800	6/3/2009	n/a	n/a	n/a	n/a
Asheville, City of/Viewmont	1593	\$ 664,001	6/25/2009	n/a	n/a	n/a	n/a
Asheville, City of/Reynolds	1594	\$ 420,420	6/25/2009	n/a	n/a	n/a	n/a
Total Binding Commitments		<u>\$ 11,833,638</u>					